

# STAFF REPORT

## Lancaster Power Authority

PA NB 1
07/12/11
MVB

Date: July 12, 2011

To: Chairman Parris and Power Authority Members

From: Jason Caudle, Deputy City Manager

Subject: **Agreements with Critical Path Transmission, LLC, to Construct an Electric Transmission Line**

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### **Recommendation:**

Approve a Confidentiality Agreement and a Reimbursement Agreement with Critical Path Transmission, LLC (Critical Path), to work cooperatively to construct an underground electric transmission line in the Antelope Valley in northern Los Angeles County and southern Kern County.

### **Fiscal Impact:**

These Agreements do not obligate the Lancaster Power Authority (LPA) to financial outlay. Critical Path will place an initial deposit of \$50,000.00 to reimburse the LPA for actual staff time, and contracted services. In the future, the City could share in the revenues that may derive from transmission line operations.

### **Background:**

Recently the Managing Director of Critical Path, Wayne Stevens, presented a concept plan for the construction of the "Clearview Transmission Line." The idea had its genesis in the realization that several large solar generating initiatives are currently underway and more are most certainly to be constructed as the LPA strives to become the Alternative Energy Capital of the World. Clearview is defined as a California Independent System Operator (CAISO) network upgrade that enhances Edwards Air Force Base readiness and makes vast amounts of alternative energy available to all of Southern California. Clearview would be a 40-mile underground transmission line that connects Southern California Edison's South Base substation at the northern point to the Vincent-Lugo line at its southern terminus, allowing alternative energy generation companies in the City of Lancaster, the Antelope Valley, portions of Kern County, and Edwards Air Force Base to connect to the electrical grid.

The concept proposes that the LPA and Critical Path will work together to develop the Clearview Transmission Line in or near the City, preferably on land owned or controlled by the City. The LPA and the City will provide its support promoting the benefits of the project; facilitate the development of an alliance seeking support of the project from Los Angeles County, Kern County, and Edwards Air Force Base officials; submit the project to CAISO and the U.S. Department of Defense/Edwards Air Force Base under the City's Joint Powers

Agreement – LPA, which may prove more favorable when submitted for project approval and permitting, when received from a California Municipal Utility rather than a private company; be the lead Agency routing the project through the environmental process; and provide site control, permitting assistance and other utility services for the transmission line. Critical Path, with the LPA’s assistance and guidance, will dedicate resources to work with public and private utilities, governmental and quasi-governmental entities to undertake design, permitting, construction, and the operation of the transmission line. Critical Path will reimburse the LPA for cost of said services provided and encourage participants connecting into the transmission line to open offices, manufacturing, assembly and repair facilities within the City. The LPA will share in the financial returns of the Clearview Transmission Line. Staff believes Critical Path, provided the LPA is a project partner, will have far better likelihood of obtaining timely and critical project approval rather than seeking approval on its own and without the powers of a Municipal Utility and political support from governmental jurisdictions.

CJL:lcs

**Attachments:**

Project Map

Confidentiality Agreement

Reimbursement Agreement