

RESOLUTION NO. 2007-103

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE LETTER OF AGENCY DESIGNATING
NORTHERN CALIFORNIA POWER AGENCY AS LODI'S
AGENT FOR CONGESTION REVENUE RIGHTS AND
AUTHORIZING THE ELECTRIC UTILITY DIRECTOR TO
EXECUTE AND ADMINISTER THE LETTER OF AGENCY

=====

WHEREAS, the California Independent System Operator (CAISO) plans to implement the Market Redesign and Technology Upgrade (MRTU) project on February 1, 2008; and

WHEREAS, a main objective of MRTU is to allow the CAISO to manage *transmission congestion with a new mechanism, called Locational Marginal Pricing (LMP), to price the use of transmission bottlenecks;* and

WHEREAS, the CAISO will allocate Congestion Revenue Rights (CRR) that can be used by Market Participants to hedge against the cost of congestion associated with delivering resources to serve load obligations within an LMP based market; and

WHEREAS, the Lodi Electric Utility (Lodi) qualifies as a Load Serving Entity (LSE) under the MRTU Tariff and, therefore, is eligible to receive an allocated share of CRR, which would benefit Lodi; and

WHEREAS, Lodi is a member of Northern California Power Agency (NCPA) and is a signatory to the NCPA Pooling Agreement, Metered Subsystem Aggregator Agreement (MSSA), and the Scheduling Coordinator Program Agreement (SCPA), which establish a contractual relationship between NCPA and Lodi and encompass *many of the functions that NCPA performs on Lodi's behalf including, but not limited to, planning, scheduling, dispatch, and settlement services;* and

WHEREAS, it would benefit Lodi for NCPA to act on behalf of Lodi for all CRR related functions, but NCPA does not qualify as an LSE and, therefore, cannot take title to the CRR acquired on behalf of Lodi; and

WHEREAS, NCPA may acquire and administer CRR as agent of NCPA Pool Members¹ who sign a Letter Representing Agency Relationship Between Load Serving Entity and Designated Agent/Trustee (Letter of Agency) pursuant to an MSS Aggregator CRR Entity Agent Agreement between NCPA and the CAISO (Agent Agreement); and

WHEREAS, the Letter of Agency will assign authority to NCPA to act on behalf of Lodi and other Pool Members for CRR matters; and

¹ The NCPA Pool Members include Alameda Power and Telecom, City of Biggs, City of Gridley, City of Healdsburg, City of Lodi, City of Lompoc, City of Palo Alto, Plumas-Sierra REC., Port of Oakland, and City of Ukiah

WHEREAS, the Agent Agreement will grant NCPA rights to participate in the CRR nomination process on behalf of NCPA Pool Members on the basis of each member's load ratio share, which will be set forth in Schedule 3 of the Agent Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the Letter of Agency designating NCPA as Lodi's agent for CRR and authorizes the Electric Utility Director to execute, deliver to the CAISO, and administer the Letter of Agency in substantially the form presented including any amendments that may be necessary or convenient to carrying out Council's intent.

Dated: June 6, 2007

=====

I hereby certify that Resolution No. 2007-103 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 6, 2007, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Katzakian, Mounce,
and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk