



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: SEPTEMBER 9, 2015

FROM: ENGINEERING

**SUBJECT: RESOLUTION NO. _____ FIRST RENEWAL OF
THE STANDARD OFFER AGREEMENT FOR AMP SERVICE TO
MERCHANT SHIPS WITH MAXIMUM DEMAND OF NOT LESS THAN
SEVEN MEGAWATTS PER MONTH, BETWEEN THE CITY OF LOS
ANGELES DEPARTMENT OF WATER AND POWER AND THE CITY
OF LOS ANGELES HARBOR DEPARTMENT**

SUMMARY:

Alternative Maritime Power (AMP) systems allow ships to be powered by shore-supplied electrical power while at berth. To transfer electrical load from the vessel generators to the utility supplied source, it is required to connect the ship in parallel to the utility lines. The load transfer from ship to utility source takes a few minutes. During this time period, both the vessel's and utility's generators are connected in parallel and operate in cogeneration mode. Since the cogeneration time period is more than one second, the City of Los Angeles Department of Water and Power (LADWP) considers this arrangement as a customer-owned generator connection, hence requiring the City of Los Angeles Harbor Department (Harbor Department) to enter into a Standard Offer Agreement For AMP Service To Merchant Ships With Maximum Demand Of Not Less Than Seven Megawatts Per Month (Standard Offer Agreement), and to apply the published AMP-B rate.

The Harbor Department is financially responsible for payment of AMP utility expenses, but recovers the cost of such expenses by billing the terminal operators and receiving the payment from the terminal operator.

RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the proposed Los Angeles Department of Water and Power (LADWP) renewal of the Standard Offer Agreement For AMP Service To Merchant Ships With Maximum Demand Of Not Less Than Seven Megawatts Per Month (Standard Offer Agreement) allowing the LADWP to service cruise vessels' AMP connections and to apply the published AMP-B rate;

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2. Authorize the Executive Director to execute and the Board Secretary to attest to said Agreement for and or behalf of the Board; and
3. Adopt Resolution No. _____.

DISCUSSION:

This LADWP renewal of the Standard Offer Agreement allows the application of a special AMP-B rate for vessels which have maximum monthly demand of no less than seven Megawatts (MW) of demand. The AMP-B rate is established and published by the LADWP. The typical load of cruise vessels is more than the minimum of seven MW requirements for each vessel, thus qualifying them to obtain shore power electricity under the proposed AMP-B rate. The proposed renewal of the Standard Offer Agreement (Transmittal 1) is an extension of the original Agreement which was executed in July 24, 2012 and expired on July 24, 2015. The original LADWP Agreement was valid for three years from its execution date, after which it is required to be renewed every subsequent three years. The proposed renewal of the Standard Offer Agreement will provide a three-year term for LADWP to charge for the AMP service at Berth 91-93 Port of Los Angeles World Cruise Terminal (World Cruise Terminal), applying the AMP-B rate.

ECONOMIC BENEFITS:

Approval of the proposed renewal of the Standard Offer Agreement will have no employment impact.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the renewal of the Standard Offer Agreement, which will allow the LADWP to continue to provide required electrical service for the AMP connections at the World Cruise Terminal and apply LADWP's published AMP-B rate. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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AMP SERVICES**

FINANCIAL IMPACT:

Renewal of the proposed Standard Offer Agreement between the Harbor Department and LADWP will ensure that cruise vessels connecting to AMP system at the World Cruise Terminal will continue to receive and pay for AMP electrical power use at the published AMP-B rates. AMP-B rates are critical for cruise ships calling at the World Cruise Terminal to remain competitive.

This Agreement indemnifies LADWP from and against any and all liability, costs, losses, claims, demands, actions and causes of action for all damage incurred by the use of the AMP system. Staff has mitigated the risk of any damage by designing and maintaining the AMP system with various layers of safety features.

During Calendar Year (CY) 2014, the Port of Los Angeles (Port) AMP revenues consisted of a passenger fee (\$174,000), AMP reimbursements (\$591,000), connect/disconnect fee (\$88,000), and a 15 percent service fee (\$12,000) for a total of \$865,000 in revenues. Port AMP expenses consisted of LADWP electricity costs (\$726,000) and connect/disconnect costs (\$110,000) for a total of \$836,000 in costs. AMP revenues exceeded AMP costs by \$29,000 in CY2014.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the LADWP renewal of Standard Offer Agreement as to form.

TRANSMITTAL:

1. LADWP renewal of the Standard Offer Agreement For AMP Service To Merchant Ships With Maximum Demand Of Not Less Than Seven Megawatts Per Month

FIS Approval: MB (initials)
CA Approval: JMC (initials)


DAVID M. WALSH, P.E.
Chief Harbor Engineer


ANTONIO V. GIOIELLO, P.E.
Director of Development

APPROVED:


EUGENE D. SEROKA
Executive Director

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VH:kc
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ENG_LADWP_AMP Services