
California Department of Water Resources



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**DWR Restructures Long-Term Power Contract
With Sunrise Power**
Cost Reduced by an Estimated \$121 million

Sacramento - The California Department of Water Resources (DWR) today announced that it has successfully restructured its long-term power contract with Sunrise Power Company LLC, reducing its cost by \$121 million.

Savings were the result in reducing the capacity payment from \$179.60 a kilowatt year to \$170.60 a kilowatt year, a 5 percent reduction that will reduce cost by \$44.8 million over the life of the contract. In addition, the company's option to extend the contract by one year was replaced by a fixed, six-month extension, which resulted in a \$76.2 million savings.

The 560-megawatt contract with Sunrise, originally negotiated on a "cost of service basis," significantly improves what was already among the lowest priced contracts in the Department's long-term portfolio. Besides lower overall cost, the state improved performance guarantees, strengthened termination rights and added anti-gaming provisions to enhance energy reliability. The new contract will run from Jan. 1, 2003 through June 30, 2012.

As part of the restructuring, the California Public Utilities Commission and the Electric Oversight Board have agreed to withdraw their complaints against Sunrise before the Federal Energy Regulatory Commission.

To date, the state has successfully renegotiated 22 long-term power agreements for a total savings of nearly \$5.2 billion. The state will continue efforts to renegotiate contracts with other energy suppliers. The department's long-term power contracts are available on the Department's California Energy Resources Scheduling Division web site at www.cers.water.ca.gov.

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