



BOARD LETTER APPROVAL


David Hanson (Dec 24, 2024 09:03 PST)

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JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: December 19, 2024

SUBJECT: Large Generator Interconnection Agreement Between 302PN 8me, LLC and the City of Los Angeles, acting by and Through the Department of Water and Power, a municipal corporation of the State of California; the United States of America acting through the Secretary of the Interior, Bureau of Reclamation; Arizona Public Service Company; Nevada Power Company d/b/a NV Energy, a Nevada corporation; Salt River Project Agricultural Improvement and Power District, an Agricultural Improvement District Organized and Existing Under the Laws of the State of Arizona; and Tucson Electric Power Company, Formerly Known as Tucson Gas and Electric Company, an Arizona Corporation are Navajo Participants in the Navajo Project for Q255 Generator Interconnection Project (Contract No. 54483, DWP No. BP 23-011)

SUMMARY

The proposed Resolution recommends approval of the Large Generator Interconnection Agreement (Navajo LGIA) between the Navajo Participants and 302PN 8me LLC for Q255 Generator Interconnection Project.

The Navajo Participants in this agreement include the following entities:

- LADWP
- United States of America, Secretary of the Interior – Bureau of Reclamation
- Arizona Public Service Company (APS)
- Nevada Power Company
- Salt River Project Agricultural Improvement and Power District
- Tucson Electric Power Company

The Navajo Participants are joint owners in the Navajo Project, consisting of the Navajo Southern Transmission System (STS) and the Navajo Western Transmission System.

The Navajo LGIA authorizes the interconnection of 302PN 8me LLC's (Interconnection Customer) proposed project, designated as Q255 and coordinated by APS as the Operating Agent. This project comprises a 2,000-megawatt (MW) photovoltaic solar generating facility and a 2,000 MW of Battery Energy Storage System. This combined project, hereafter referred to as the "Interconnection Project," will be interconnected to the Navajo 500 kiloVolt (kV) Switchyard which is a part of the Navajo Project.

As one of the co-owners of the Navajo Project, LADWP is obligated to collaborate with the Navajo Participants in reviewing and approving the Navajo LGIA for any interconnection requests seeking to connect generators to the transmission facilities of the Navajo Project.

The Navajo LGIA establishes the costs, terms, and conditions for the construction, operation, and maintenance of the facilities needed for the Interconnection Customer to physically interconnect the Interconnection Project to the Navajo Project. The term of the Navajo LGIA is coterminous with the Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP 19-006 (hereinafter referred to as the Navajo CTA), unless it is terminated earlier in accordance with the termination provisions of the Navajo LGIA.

City Council approval, by ordinance, is required pursuant to the Los Angeles Charter Section 674.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval, by ordinance, of the following, as required in Charter Section 674:

- Execution of the Navajo LGIA.
- Delegation of authority to the Board to act on and approve all future amendments to the Navajo LGIA.

ALTERNATIVES CONSIDERED

A "no project agreement" alternative was considered. However, such an alternative is not feasible without the Navajo LGIA. The Interconnection Customer will not be able to physically interconnect the Interconnection Project without an executed Navajo LGIA.

FINANCIAL INFORMATION

LADWP has a 21.2 percent ownership share in the Navajo 500 kV Switchyard. LADWP's current share of the annual expenditure for the operation, maintenance and capital improvement of the Navajo 500 kV Switchyard is approximately \$560,000 and is not expected to be impacted.

BACKGROUND

The Navajo Participants are joint owners in the Navajo Project, consisting of STS, and the Navajo Western Transmission System. APS is the designated Operating Agent of the Navajo 500 kV Switchyard which is a component of the STS. LADWP is a co-owner of the Navajo Project.

The Navajo LGIA allows for the interconnection of the Interconnection Project to the Navajo Project.

The Navajo LGIA shall remain in effect unless the first of the following events occur: (i) the termination of the Navajo CTA or any replacement agreement thereof; (ii) termination pursuant to Article 5.16 therein; (iii) termination pursuant to Article 20 therein; (iv) written agreement of all parties to terminate; or (v) upon no less than 90 calendar days advance written notice of termination from the Interconnection Customer to the Operating Agent.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on October 2, 2024.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Entering into an LGIA will not result in any physical change in the environment; therefore, this activity is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Navajo LGIA and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Navajo LGIA
- CAO Report
- Draft Ordinance