


BOARD LETTER APPROVAL



REIKO A. KERR
Senior Assistant General Manager – Power System
Engineering, Planning, and Technical Services



MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: November 25, 2019

SUBJECT: Arizona Nuclear Power Project Hassayampa Switchyard Interconnection Agreement among the Co-Owners of the Arizona Nuclear Power Project Hassayampa Switchyard and Sun Streams 2, LLC, DWP Agreement No. BP 19-033

SUMMARY

Approval is requested for the proposed Arizona Nuclear Power Project (ANPP) Hassayampa Switchyard Interconnection Agreement among the Co-Owners of the ANPP Hassayampa Switchyard (ANPP Participants) and Sun Streams 2, LLC (Interconnector), DWP Agreement No. BP 19-033 (Interconnection Agreement). The Interconnection Agreement allows the Interconnector to interconnect a 150 megawatt (MW) solar-powered generating facility to the ANPP Hassayampa Switchyard. The Interconnection Agreement establishes the costs, terms, and conditions for the construction, operation, and maintenance of the facilities needed for Interconnector to physically interconnect its 150MW solar-powered generating facility to the ANPP Hassayampa Switchyard. The term of this Interconnection Agreement is coterminous with the ANPP Participation Agreement, DWP No. 10457. LADWP's revenue from this Interconnection Agreement is expected to remain the same.

City Council approval by ordinance is required pursuant to City Charter Section 674.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution requesting the Los Angeles City Council's approval, by ordinance, of the following:

- Execution of the Interconnection Agreement; and

- Delegation of authority to the Board to act on and approve all future amendments to the Interconnection Agreement, provided that such amendments do not increase the cost or extend the term of the Interconnection Agreement.

ALTERNATIVES CONSIDERED

There are no alternatives in lieu of the Interconnection Agreement. The consequences of not approving this Interconnection Agreement will lead to Sun Streams 2 Project's (150MW Solar) inability to physically interconnect, and thus benefit, from any energy delivery via ANPP High Voltage in the future.

FINANCIAL INFORMATION

LADWP has a 3.20 percent ownership share in the ANPP High Voltage Switchyard, of which the Hassayampa Switchyard is a part. There should be no negative financial impacts to LADWP because all costs associated with the interconnection are expected to be borne by the Interconnector or third parties. LADWP's share of the annual expenditure for the operation, maintenance, and capital improvement of the switchyards, which is currently about \$100,000, is not expected to be impacted by the proposed interconnection. Therefore, the Interconnection Agreement should not have a negative financial impact on LADWP.

This Interconnection Agreement shall terminate upon the first of the following events to occur: (i) the termination of the ANPP High Voltage Switchyard Participation Agreement, DWP No. 10457; (ii) written agreement of all parties to the Interconnection Agreement to terminate it; (iii) termination of the Interconnection Agreement pursuant to Article 22 (Defaults) of the Interconnection Agreement; or (iv) upon no less than ninety (90) calendar days' advance written notice of termination from Interconnector to the operating agent of the ANPP Hassayampa Switchyard.

BACKGROUND

The ANPP consists of the Palo Verde Nuclear Generating Station and the ANPP High Voltage Switchyard, which is made up of both the Palo Verde Switchyard and the adjoining ANPP Hassayampa Switchyard. The ANPP is co-owned by the following: LADWP; Arizona Public Service Company, an Arizona corporation; El Paso Electric Company, a Texas corporation; Public Service Company of New Mexico, a New Mexico corporation; Southern California Edison Company, a California corporation; Southern California Public Power Authority, a California public entity; and Salt River Project Agricultural Improvement and Power District, an Arizona agricultural improvement district (SRP). SRP is the designated operating agent of ANPP.

The Interconnection Agreement establishes the costs, terms, and conditions for the construction, maintenance, and operation of facilities needed for the Interconnector to physically interconnect its 150MW solar-powered generating facility to the ANPP Hassayampa Switchyard.

Due to operational needs, the Mayor's Office granted an Executive Directive No. 4 waiver to LADWP on November 25, 2019.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines No. 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. The approval of the Agreement 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 Resolution and Agreement as to form and legality.

ATTACHMENTS

- Resolution
- Agreement
- Ordinance