

FINAL ENVIRONMENTAL IMPACT REPORT AND ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to the Hyperion Treatment Plant Digester Gas Utilization Project.

Recommendations for Council action:

1. CERTIFY that the Final Environmental Impact Report (FEIR; SCH No. 2011041032) has been completed in compliance with the California Environmental Quality Act (CEQA); that Council has reviewed and considered the information contained in the FEIR prior to approving the project; and that the documents constituting the record of proceedings in this matter are in the custody of the City Clerk (EIR-11-008-BE) and in the files of the Bureau of Sanitation.
2. ADOPT all of the mitigation and monitoring measures as detailed in Transmittal No. 3 (Findings and Statement of Overriding Considerations) of the September 11, 2013 Board of Public Works (BPW) report, attached to the Council file, as conditions of project approval.
3. ADOPT the Mitigation Monitoring and Reporting Program as detailed in the September 11, 2013 BPW report, attached to the Council file.
4. ADOPT the Findings and Statement of Overriding Considerations, attached to the Council file.
5. APPROVE the Hyperion Treatment Plant Digester Gas Utilization Project identified as the preferred alternative in the FEIR, attached to the Council file.

Fiscal Impact Statement: The BPW reports that there is no impact to the General Fund. The project will be funded by the Sewer Construction and Maintenance Fund. Detailed funding information will be provided by the BPW at the time the project is awarded.

Community Impact Statement: None submitted.

Summary:

On October 2, 2013, your Committee considered a September 11, 2013 BPW report and FEIR relative to the the Hyperion Treatment Plant Digester Gas Utilization Project. According to the BPW, under an agreement between the Bureau of Sanitation (BOS) and Los Angeles Department of Water and Power (LADWP), the Hyperion Treatment Plant (HTP) has been exporting its digester gas to Scattergood Generating Station (SGS) since 1995. The LADWP utilizes the digester gas in combination with natural gas to generate electricity for the electrical power grid, and provides HTP with steam for plant use in the thermophilic digesters.

Due to regulatory requirements, the SGS must shut down and re-power Units Nos, 1 and 2 which currently combust the HTP digester gas. The energy exchange agreements between the BOS and LADWP expire January 2015 and an interim agreement is in process to maintain the arrangement through December 31, 2016.

The Digester Gas Utilization Project (DGUP) has been in development for several years and is the City's effort to make the plant self-sufficient and sustaining in energy. Through a Request for Proposal (RFP), the BOS considered a range of options that makes best use of the digester gas to generate electricity which will meet plant demand and future needs for electricity and produce steam

to support its operation.

The proposed project will consist of installing and operating a digester gas/natural gas-fueled combined cycle cogeneration system at HTP. This Combined Heat and Power cogeneration system Maximum Build-Out configuration will utilize the digester gas (digester gas/natural gas mixture) in three combustion turbine generators (CTGs) to generate electricity, the recovery of heat to generate steam in three heat recovery steam generators (HRSGs); the generation of electricity from a steam turbine generator train (two STGs); and the extraction of a portion of the steam to meet the steam demand of the thermophylic digester operations.

The proposed project will offer efficient utilization of the digester gas and addresses operational needs for the BOS. The DGUP will consume all digester gas produced at HTP to address current and future energy needs of the plant. The DGUP will use the existing building and existing stack.

The BOS also stated that the FEIR finds that the project would result in significant and unavoidable continuing air quality and greenhouse gas impacts during operations and these impacts cannot be mitigated to insignificant levels for the Maximum Build Out. However, all health risk indices are below thresholds for both worker and resident exposures. The project is a permissible project under local, state and federal regulations and the types of emissions associated with this project are consistent with this type of equipment and will employ best available control technology. The proposed project represents a decrease in overall emissions when compared to the existing gas handling operations conducted at Scattergood as well as in the use of flaring at HTP as a disposal method. This proposed project meets all of the objectives identified in the RFP. The project cannot be approved unless the Council finds that the benefits of the project outweigh and thus override the unavoidable significant environmental impacts.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations as contained in the BPW report and detailed in the above recommendations. This matter is submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	ABSENT
KORETZ:	YES

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