

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to Interconnection Agreement No. BP-17026 with the co-owners of the Arizona Nuclear Power Plant.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of July 24, 2018, Resolution No. 019-006, authorizing Interconnection Agreement No. BP-17026 Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement among the Co-Owners of the Arizona Nuclear Power Project to include the City of Los Angeles and the Palo Verde-Delaney-Sun Valley Line Participants.
2. PRESENT and ADOPT the accompanying ORDINANCE dated August 2, 2018 approving the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement, DWP No. BP 17-026, by and among Arizona Public Service Company, El Paso Electric Company, Public Service Company of New Mexico, Salt River Project Agricultural Improvement and Power District, Southern California Edison, Southern California Public Power Authority, the City of Los Angeles, acting by and through the Los Angeles Department of Water and Power (LADWP), and the Palo Verde- Delaney-Sun Valley 500kV Transmission Project Participants; and delegating to the Board of Water and Power Commissioners limited authority to amend said agreement.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Resolution No. 019-006 does not result in a negative fiscal impact to the Power Revenue Fund. There is no financial impact to the City General Fund. The proposed Agreement complies with the LADWP's adopted Financial Policies.

Community Impact Statement: None submitted.

Summary:

On August 21, 2018, your Committee considered July 25, 2018 Board, February 6, 2018 CAO, and August 2, 2018 City Attorney reports, Resolution No. 019-006, and Ordinance relative to proposed Interconnection Agreement No. BP-17026 with the co-owners of the Arizona Nuclear Power Plant. According to the CAO, approval of Resolution No. 019-006 will authorize the LADWP to execute the Arizona Nuclear Power Project (ANPP) High Voltage (HV) Switchyard Interconnection Agreement BP 17-026 (Agreement) between:

- a. The co-owners of the ANPP including the:
 - i. LADWP
 - ii. Arizona Public Service Company
 - iii. El Paso Electric Company
 - iv. Public Service Company of New Mexico

- v. Salt River Project Agricultural Improvement and Power District
- vi. Southern California Edison Company
- vii. Southern California Public Power Authority

- b. The Central Arizona Water Conservation District, also known as the Palo Verde-Delaney- Sun Valley 500 kV Transmission Project (Delaney Participants).

The purpose of the proposed Agreement is to establish the costs, terms, and conditions for the construction, maintenance, and operation of facilities needed for the Delaney Participants to physically interconnect their Palo Verde-Delaney-Sun Valley 500kV transmission line to the ANPP HV Switchyard. The Delaney Participants will be responsible for all costs associated with the proposed Agreement. Unanimous approval of the proposed Agreement by all co-owners of the ANPP is a requirement for interconnection by the Delaney Participants. The LADWP asserts there are no available alternatives. Furthermore, consequences of not approving this proposal could affect the ability of the LADWP to receive renewable energy being developed in the vicinity of the ANPP HV Switchyard. The proposed Agreement can be terminated for various causes including due to:

- a. Breach of contract
- b. Force majeure, or upon 90 days written notice from Delaney Participants.

The proposed resolution will also authorize the Board to approve all future amendments to the Agreement, without further approval by Council, provided that the amendments do not increase the costs or extend the duration of the Agreement. After consideration and having provided an opportunity for public comment, the Committee moved to recommend concurring with the LADWP. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|----------------------|--------------------|
| MARTINEZ: | YES |
| KORETZ: | YES |
| KREKORIAN: | YES |
| CEDILLO: | YES |
| O'FARRELL: | ABSENT |

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8/21/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-