

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE REPORT, and ORDINANCE FIRST CONSIDERATION relative to the agreement pursuant to a competitive sealed proposal method permitting negotiations relating to the design, engineering, procurement, and construction, testing and commissioning of the Scattergood Generating Station (SGS) Units 1 and 2 Green Hydrogen-Ready Modernization Project.

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

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of August 9, 2022, Resolution No. 023-037, which approves the Los Angeles Department of Water and Power (LADWP) SGC Station Units 1 and 2 Green Hydrogen-Ready Modernization Project Resolution, for an Ordinance Requesting the City Council to Establish Engineer-Procure-Construct Criteria pursuant to Section 371 (b) of the Los Angeles City Charter.
2. PRESENT and ADOPT the accompanying ORDINANCE dated September 2, 2022, authorizing the Board to award an agreement pursuant to a competitive sealed proposal method permitting negotiations relating to the design, engineering, procurement, and construction, testing and commissioning of the SGS Units 1 and 2 Green Hydrogen-Ready Modernization Project.
3. REPORT to the City Council with details of the project prior to presenting contracts for the Scattergood Units 1 and 2 Green Hydrogen Ready Modernization Project to the Board, including how the modernization project will operate consistent with the Council direction in Council File (CF) No. 21-0352, and CF No. 22-0255.
4. REPORT on the criteria which will be utilized for the competitive bid proposal process which seeks to meet South Coast Air Quality Management District permit requirements for the Scattergood Generating Station.
5. INCORPORATE hydrogen leak monitoring throughout the transportation, storage, and combustion system and estimate the hydrogen leakage rates of the project from the point of fuel delivery through combustion and the greenhouse gas impacts of that leakage.
6. REPORT on details of how the modernization project supports LADWP's decarbonization and local air quality improvement goals consistent with its current and future Strategic Long Term Resource Plans; improves air quality and reduces the risk of negative health impacts on those located near the Scattergood generating station; including the details on the LADWP's management practices to avoid leaks and emissions of hydrogen at the site.

7. PROVIDE a report to Council within five calendar days on the project's status, costs, and potential alternatives after every Board vote on the Scattergood Hydrogen-Ready Modernization Project, including but not limited to the release of the Environmental Impact Report, before contracting, and before beginning construction at Scattergood.
8. REQUEST LADWP to directly engage communities adjacent to gas plants through community-based organizations on the impacts of hydrogen combustion.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the Ordinance will not have a fiscal impact. However, the ensuing contract will result in a total expenditure estimated at \$800 million, excluding the cost of hydrogen. Funding will be provided from the Power Revenue Fund's Adopted Budget for the project in subsequent years. The CAO further reports that approval of the recommendations will have no impact on the City's General Fund.

Financial Policies Statement: The CAO reports that the recommendations complies with the LADWP's Financial Policies.

Community Impact Statement: None submitted.

Summary:

On December 1, 2022, your Committee considered reports from the City Attorney, LADWP, and Ordinance relative to the agreement pursuant to a competitive sealed proposal method permitting negotiations relating to the design, engineering, procurement, and construction, testing and commissioning of the SGS Units 1 and 2 Green Hydrogen-Ready Modernization Project. The reports attached to the Council file include some background on the matter.

After providing an opportunity for public comment, the Committee moved to approve the recommendations as amended and reflected above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL:	YES
KORETZ:	NO
KREKORIAN:	YES