



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R-24-0414
AUG 22 2024

REPORT RE:

DRAFT ORDINANCE APPROVING THE LARGE GENERATOR INTERCONNECTION AGREEMENT BETWEEN AES ES WESTWING, LLC, AND AES WESTWING II ES, LLC, AND ARIZONA PUBLIC SERVICE COMPANY, THE CITY OF LOS ANGELES, ACTING BY AND THROUGH THE DEPARTMENT OF WATER AND POWER, NEVADA POWER COMPANY D/B/A NV ENERGY, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, TUCSON ELECTRIC POWER COMPANY, AND THE UNITED STATES OF AMERICA DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION (CONTRACT NO. 54548, DWP NO. BP 22-012)(NAVAJO LGIA); AND DELEGATING TO THE BOARD OF WATER AND POWER COMMISSIONERS AUTHORITY TO AMEND SAID AGREEMENT

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance provides for the approval of the Large Generator Interconnection Agreement for Q292 (Contract No. 54548, DWP No. BP 22-012), by and among the United States of America Department of the Interior Bureau of Reclamation; Arizona Public Service Company, an Arizona corporation; the City of Los Angeles, acting by and through the Department of Water and Power, a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California; Nevada Power Company d/b/a as 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, an Arizona corporation, formerly known as Tucson Gas and Electric Company, (Navajo

Project Participants) and AES ES Westwing, LLC, a Delaware limited liability company; and AES Westwing II ES, LLC, a Delaware limited liability company (Interconnection Customer) (Navajo LGIA). The ordinance also delegates to the Board of Water and Power Commissioners (Board) authority to amend said agreement.

Background

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

The Navajo LGIA establishes the costs, terms, and conditions for the construction, operation, and maintenance of the facilities needed for Interconnection Customer to physically interconnect a 200 megawatt (MW) net-to-grid battery energy storage in two phases, 100 MW each, to the Westwing 230 kV Switchyard, a component of the Navajo Project (Project).

The Navajo LGIA will terminate upon the first of the following events to occur: (1) termination of the Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP 19-006, as it may be amended from time to time, or any replacement agreement thereof; (ii) written agreement of all parties to terminate said agreement; (iii) termination pursuant to Article 20 therein; (iv) termination pursuant to Article 5.15 therein; or (v) upon no less than 90 calendar days' advance written notice of termination from the Interconnection Customer to the Operating Agent.

Charter Enabling Provisions

Charter Section 674(a)(1) provides that, subject to approval by ordinance, the Board has the power to approve contracts with the United States or any of its agencies, any state or any state agency, and any corporation, public or private, located inside or outside of the City of Los Angeles or State of California for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy that provides for a sharing of the use and benefits and of the capital charges and other obligations associated with the facilities. In addition, pursuant to Charter Section 101, the City Council has the power to authorize the Board to amend the Navajo LGIA without further City Council approval.

CEQA Findings

The Navajo LGIA is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15277. In accordance with this section, CEQA does not apply to any project or portion thereof located outside of California which will be subject to environmental impact review pursuant to the National Environmental Policy Act of 1969 (NEPA) or pursuant to a law of that state requiring preparation of a

document containing essentially the same points of analysis as in an Environmental Impact Statement prepared under NEPA. Any emissions or discharges that would have a significant effect on the environment in the State of California are subject to CEQA where a California public agency has authority over the emissions or discharges.

In September 2021, the United States completed its environmental review process of the proposed Project, described in the Navajo LGIA, and the Final Environmental Assessment and the Finding of No Significant Impacts be been issued for the Project. Therefore, the execution of the Navajo LGIA is not subject to CEQA.

Council Rule 38 Referral

Pursuant to Council Rule 38, the draft ordinance has been presented to the Board of Water and Power Commissioners.

If you have any questions regarding this matter, please contact Deputy City Attorney Syndi Driscoll at (213) 367-4363. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By 

MICHAEL J. DUNDAS
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MJD:SD:rb
Transmittal