

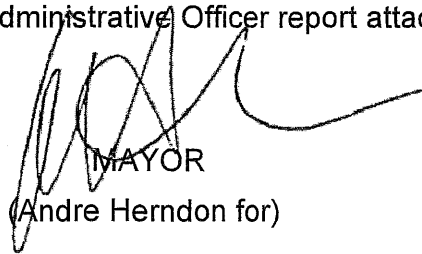
0150-12033-0000

TRANSMITTAL

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 06/22/2022	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

**ARIZONA NUCLEAR POWER PROJECT HASSAYAMPA SWITCHYARD
INTERCONNECTION AGREEMENT BETWEEN THE CO-OWNERS OF THE
PROJECT AND SUN STREAMS EXPANSIONS, LLC. (BP 21-011)**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR
(Andre Herndon for)

MWS:IR:10220137

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 21, 2022

CAO File No. 0150-12033-0000
Council File No.
Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated January 31, 2022, referred by the Mayor for report on January 31, 2022

Subject: **ARIZONA NUCLEAR POWER PROJECT HASSAYAMPA SWITCHYARD INTERCONNECTION AGREEMENT BETWEEN THE CO-OWNERS OF THE PROJECT AND SUN STREAM EXPANSION, LLC. (Agreement No. BP 21-011)**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance authorizing the execution of the Arizona Nuclear Power Project (ANPP) Hassayampa Switchyard Interconnection Agreement between the various Co-Owners of the Project and Sun Stream Expansion LLC;
 - a. Delegate authority to the Los Angeles Department of Water and Power Commissioners (Board) by ordinance and authorize the Board to act on and approve all future amendments to the Interconnection Agreement pursuant to Charter Section 674;
 - b. Upon proper certification, the Chief Accounting Employee is authorized and directed to draw demands on the Power Revenue Fund, in accordance with the terms of this Agreement.
2. Return the proposed Resolution and Ordinance to the Department for further processing, including City Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) is a Co-Owner of the ANPP Hassayampa Switchyard (ANPP Participants) and approval is requested to execute an Interconnection Agreement between the ANPP Co-owners and Sun Stream Expansion, LLC (Sun Stream). The term of this Interconnection Agreement will be coterminous with the ANPP Participation Agreement which outlines ownership percentage and the use of capacity. Sun Stream Expansion, LLC. proposes to construct a large 385 megawatt (MW) utility solar photovoltaic

generating facility and a 385 MW battery energy storage system. The Interconnector Agreement allows Sun Stream to interconnect the facilities to the ANPP Hassayampa Switchyard. Per LADWP all the costs for interconnection will be paid by Sun Stream or a third party.

The City Council approval is required pursuant to Charter Section 674, for power transmission contracts, subject to approval by ordinance. The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

Background

The ANPP Hassayampa Switchyard was constructed to specifically facilitate interconnection requests of existing or new solar generating facilities in the vicinity of the Palo Verde Nuclear Generation Station, approximately 60 miles west of Phoenix, Arizona. The ANPP consists of the Palo Verde Nuclear Generating Station and the ANPP High Voltage Switchyard and is co-owned by the following agencies:

<i>Co-Owners responsibility of ANPP High Voltage Switchyard</i>	<i>Ownership Percent</i>
LA Department of Water and Power	3.20
Arizona Public Service Company, an Arizona corporation	27.56
El Paso Electric Company, a Texas corporation	14.94
Public Service Company of New Mexico, a New Mexico corporation	9.65
Southern California Edison, a California corporation	20.30
Southern California Public Power Authority, a California public entity	5.44
Salt River Project (SRP) Agricultural Improvement and Power District, an Arizona agricultural improvement district	18.91

In 1981 the original ANPP Participation Agreement was executed and outlined ownership percentages, and use of capacity for the switchyard at that time. Since then the most recent Supplemental Amendment to the Agreement was executed March 2012, and includes the current Co-owners and their share of ownership responsibility and use of capacity. This Agreement is for fifty years and expires in 2031. Several new solar and storage facilities have been constructed over the last five years, with each requiring its own Interconnection Agreement with the ANPP Participants to allow for interconnection services between their facilities and the energy open market under the Federal Energy Regulatory Commission (FERC) regulations and open access transmission tariffs policy.

Proposed Interconnection Agreement

Sun Stream proposes to construct a large utility solar project generating approximately 385 MWs of electricity along with a 385 MW battery storage system. The Interconnection Agreement establishes the costs, terms, and conditions for the construction, maintenance, and operation of facilities needed to physically interconnect the proposed facility to the ANPP Hassayampa Switchyard. Construction is anticipated to start in the 4th quarter of 2022. The Interconnection Agreement is coterminous with the ANPP Participation Agreement, and is subject to execution by

all parties and acceptance by the FERC. The Agreement remains in effect until one of the following events occurs: a) the termination of the ANPP High Voltage Switchyard Participation Agreement; b) written agreement of all parties to the Interconnection Agreement to terminate it; c) termination of the Interconnection Agreement pursuant to default; or d) 90 day advance written notice of termination from Interconnector to the operating agent. SRP is the designated operating agent of the ANPP.

Any costs to interconnect the facilities will, be borne by Sun Stream or a third party, and LADWP does not anticipate increased operational costs for the switchyard which is currently estimated at \$100,000 annually.

Governance

The Resolution and Ordinance seek authority for the Board to act on and approve all future amendments, without further approval by the City Council. This Office concurs with this recommendation, as City Council approval by Ordinance is required pursuant to the City Charter Section 674. The Board shall have the power to contract with the United States or any of its agencies, any state or state agency, and any corporation, public or private, located inside or outside of the City or State of California; for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and Ordinance will have no new or additional fiscal impact to the Power Revenue Fund. The proposed action complies with the LADWP Financial Policies in that funding is available for this purpose

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Attachments