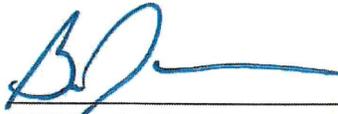




RESOLUTION NO. 023 037

BOARD LETTER APPROVAL

 FOR R. KERR

REIKO A. KERR
Senior Assistant General Manager – Power System
Engineering, Planning, and Technical Services



MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: June 23, 2022

SUBJECT: Los Angeles Department of Water and Power Scattergood Generating Station Units 1 and 2 Green Hydrogen-Ready Modernization Project
Resolution for an Ordinance Requesting the Los Angeles City Council to Establish Engineer-Procure-Construct Criteria Pursuant to Section 371(b) of the Los Angeles City Charter

SUMMARY

Transmitted for approval by the Board of Water and Power Commissioners (Board) is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council (City Council) approval of criteria for the design and construction of the Scattergood Generating Station (SGS) Units 1 and 2 Green Hydrogen-Ready Modernization Project (Project).

The proposed Ordinance will authorize the Los Angeles Department of Water and Power (LADWP) to pursue an Engineer-Procure-Construct (EPC) contract pursuant to a competitive-sealed proposal method permitting negotiations relating to the engineering, procurement, and construction of the Project based on the criteria established by the Ordinance. The total estimated cost of the Agreement for the Project is approximately \$800 million. The Ordinance will authorize a term not to exceed five years for the contract. Pursuant to a competitive-sealed proposal method, EPC criteria adopted by the Ordinance will permit an award to a bidder specialized in the procurement and manufacturing of fuel-flexible combustion turbine generators capable of utilizing green hydrogen; and the engineering, procuring, and constructing of power generation stations. The sealed proposal method, per Los Angeles Charter (Charter) §371(b), permits negotiations after proposals have been opened to allow clarifications and changes to the proposal. Per Charter §371(a) and Los Angeles Administrative Code §10.47, the Local Business Preference Program will apply. The extended contract term, per Charter §373, is necessary to address the complexity of the Project, the long major

BACKGROUND

The Project is necessary to facilitate compliance with the SWRCB Policy to eliminate the use of OTC and to support the South Coast Air Quality Management District (SCAQMD) in reducing air pollutant emissions in the South Coast Air Basin under the provisions of the Regional Clean Air Incentives Market Program. This Project also facilitates compliance with SB100 to have eligible renewable energy resources and zero-carbon resources supply 100 percent of retail sales of electricity to California end-use customers and 100 percent of electricity procured to serve all state agencies by 2045.

The Los Angeles 100 Percent Renewable Energy (LA100) Study, completed by the United States Department of Energy's National Renewable Energy Laboratory in partnership with LADWP on March 24, 2021, determined several investment pathways to achieve 100 percent renewable electricity by 2045 or sooner. The LA100 Study identified the need to maintain grid resiliency and transmission reliability at 100 percent renewable energy through the deployment of additional firm capacity resources utilizing renewably derived fuels, such as green hydrogen, to meet future peak demands, address transmission contingencies, and support the accelerated buildout of clean energy projects. Subsequent to the LA100 Study completion, on April 19, 2021, City of Los Angeles' Mayor Eric Garcetti declared in his 2021 State of the City address that by 2030, LADWP will provide an energy mix that is 80 percent renewable and 97 percent carbon free – a full six years ahead of the previous LA Green New Deal commitments (80 percent renewable by 2036), and reaffirmed the commitment to 100 percent carbon-free energy by 2035, ten years ahead of schedule.

LADWP has identified increasing its transmission capacity as crucial to achieving its clean energy goals, while ensuring reliability, resiliency, and maintaining cost affordability and equity. On September 2, 2021, the City Council adopted Motion 21-0352 that instructed LADWP to prepare a Power Strategic Long-Term Resource Plan that achieves 100 percent carbon-free energy by 2035, 10 years earlier than SB100 and more restrictive on technology (no biofuels) to achieve clean energy targets. Based on the LA100 Study, a minimum amount of total in-basin hydrogen-fueled generation capacity of 2,100 MW by 2035 and 3,370 megawatts (MW) by 2045 would be required to support LADWP's future reliability and resiliency needs.

Key findings from the LA100 Study indicated that in all scenarios, wind and solar provide 69 percent to 87 percent of future electricity demand, which means that all roads to 90 percent clean energy are very similar. Furthermore, the pathways diverge going from 90 percent to 100 percent renewables, and the last 10 percent of carbon-free energy is what is needed for reliability during periods of very low wind and solar, extremely high demand, and unplanned events like transmission outages. To meet this last 10 percent, the LA100 Study built new, local power plants with storable renewable fuels to maintain reliability (e.g. hydrogen-ready capacity).

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. The approval of this ordinance will authorize the use of the competitive-sealed bid proposal method to let a contract, and will not result in any physical change in the environment. Therefore, this action is not subject to CEQA. No contracts shall be awarded prior to full compliance with applicable CEQA requirements.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution for the draft Ordinance as to form and legality.

ATTACHMENTS

- Resolution
- Ordinance (draft)
- CAO Report