



RESOLUTION NO. _____

BOARD LETTER APPROVAL

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DATE: October 17, 2025

SUBJECT: Scattergood Generating Station Units 1 and 2 Green Hydrogen-Ready Modernization Project and Adoption of the Final Environmental Impact Report in Accordance with the California Environmental Quality Act

SUMMARY

This Resolution is to fulfill LADWP's responsibilities under the California Environmental Quality Act (CEQA) prior to implementation of the proposed Scattergood Generating Station (SGS) Units 1 and 2 Green Hydrogen-Ready Modernization Project (Proposed Project). In accordance with CEQA, LADWP prepared an Environmental Impact Report (EIR) to evaluate the environmental impacts of the Proposed Project.

LADWP proposes to construct and operate a rapid-response combined-cycle generation system (CCGS) at SGS. The Proposed Project would replace the generation capacity of existing SGS Units 1 and 2, which are conventional natural gas-fired steam boiler generators that would be removed from service, with a CCGS capable of operating on a fuel mixture of natural gas and a minimum of 30 percent hydrogen by volume. The completion of the project is expected by the end of 2029.

The Proposed Project is integral to the goal of implementing a carbon-free energy system providing reliable and sustainable electrical power for the City of Los Angeles (City). The continued availability of local energy generation that can be dependably and rapidly dispatched to respond to demand for energy in the LADWP service area is necessary to maintain the resilience and reliability of the City's electrical power grid.

SGS has been identified as the most immediate and instrumental location in relation to the requirement for firm (i.e., dependable) in-basin generation capacity due to the projected demand for energy in areas of the City that SGS serves, which include the Los Angeles International Airport, Hyperion Water Reclamation Plant, and the West Los Angeles (WLA) service area.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution (1) certifying the Final EIR, including adoption of a Mitigation Monitoring and Reporting Program (MMRP), which designates the mitigation measures required for the Proposed Project and who will undertake them, and (2) authorizing approval of Alternative 4 to the Proposed Project which was identified as the environmentally superior alternative as discussed below.

ALTERNATIVES CONSIDERED

CEQA requires a lead agency to describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project. Consistent with this requirement, LADWP considered four alternatives to the Proposed Project in the EIR.

The first alternative evaluated is a No Project Alternative, as required under CEQA Guidelines Section 15126.6(e), in which neither the Proposed Project nor any other alternative, would be implemented. The existing SGS Units 1 and 2 would still be removed from service at the end of 2029 to comply with the State Water Resources Control Board's Water Quality Control Policy on the use of Coastal and Estuarine Waters for Power Plant Cooling, also referred to as the Once-Through Cooling (OTC) Policy. Although this alternative is technically feasible since it requires no action, the No Project Alternative would result in a loss of generation capacity at SGS. This would result in the elimination of short-term, construction-related impacts as well as a reduction in air pollutant emissions from project operations. However, the No Project Alternative would not meet the project objectives for establishing a resilient, reliable, always available and dispatchable generation source for the LADWP electrical power system local to SGS, which may lead to outages in the WLA area.

Under Alternative 2, LADWP considered a grid-scale battery energy storage system (BESS) to store energy during periods of excess generation to be discharged later during periods of high demand. Though this alternative would be technically feasible and reduce some environmental impacts, the BESS would not be anticipated to provide a comparable generation capacity as the proposed CCGS for extended durations (e.g., for periods of 10 hours or more for multiple days in a row). In addition, substantially more real estate would be required to implement this alternative, which may be cost-prohibitive, cause substantial delays in implementation of the project, and could result in

additional impacts due to the large footprint required to implement a BESS of comparable capacity. The BESS would meet some of the project objectives, however, it would not provide a readily dispatchable, longer duration energy source during periods of critical demand when major interruptions to service occur.

A green hydrogen fuel cell system at SGS was evaluated as Alternative 3. Although this alternative would meet some of the project objectives and reduce environmental impacts associated with commissioning and operational air pollutant emissions, it is an unproven technology at the scale required to replace the Proposed Project generation capacity and may take over 10 years to implement. Therefore, it does not meet the project objective to provide sufficient generation capacity to support grid stability and energy demand in LADWP's service area. In addition, considerably more real estate would be required to implement this alternative, which may be cost-prohibitive, cause further delays in implementation of the project, and could result in additional impacts due to the substantially larger amount of acreage required to implement a hydrogen fuel cell system of comparable capacity. A fuel cell system would also have limited hydrogen fuel flexibility and would have a substantially shorter lifespan than the Proposed Project.

Under Alternative 4, the proposed CCGS would be constructed, however, either equipment proposed by Vendor A or Vendor C would be selected, as the equipment proposed by Vendor B would have significant and unavoidable peak daily emissions for volatile organic compounds (VOCs) during operations related to the combustion generator startup and shutdown. This alternative is technically feasible and meets all the project objectives as it is essentially the Proposed Project with the limitation of which vendor can be selected for project implementation. This alternative would reduce operational air quality impacts associated with peak VOC emissions, while all other environmental impacts would be the same as the Proposed Project.

Additional alternatives were considered but dismissed from detailed analysis due to their infeasibility, failure to meet the objectives of the Proposed Project and/or inability to reduce significant environmental impacts including alternative in-basin clean energy generation, demand side management programs, new and upgraded transmission lines, retrofit of Unit 1 and/or Unit 2, and development of the Proposed Project at an alternative location.

Furthermore, several of the alternatives mentioned are already accounted for and considered to be complementary to the Proposed Project (i.e., in-basin clean energy generation such as distributed local solar, demand side management, transmission capacity upgrades).

In accordance with CEQA Guidelines Section 15126.6, the EIR identifies the environmentally superior alternative among the feasible alternatives, including the Proposed Project. In comparison to the feasible alternatives that would achieve the objectives of the Proposed Project, Alternative 4: Eliminate Vendor B has been determined to be the environmentally superior alternative because it would result in the

least impact to the physical environment that can be reasonably ascertained. Alternative 4 is being recommended for adoption.

FINANCIAL INFORMATION

Funding for the Proposed Project is budgeted in the Power Fund through Fiscal Year 2029/2030. The cost of this project will depend on the final bids received in November 2025.

BACKGROUND

Based on the findings of the 2021 Los Angeles 100 Percent Renewable Energy (LA100) Study and LADWP's Power Strategic Long-Term Resource Plan (formerly SLTRP, now known as LA100 Plan), the Proposed Project has been identified as an integral component of implementing a carbon-free energy system that provides reliable and sustainable electrical power for the City. The Proposed Project is necessary for the continued availability of local energy generation that can be dependably and rapidly dispatched to respond to demand for energy in LADWP's service area required to maintain the resilience and reliability of the City's electrical power grid. LADWP's SGS has been identified as the most immediate and instrumental location in relation to the requirement for firm (i.e., dependable) in-basin generation capacity due to the projected demand for energy in areas of the City that SGS serves and reliability of the LADWP power system overall.

On February 8, 2023, the Los Angeles City Council (City Council) approved Ordinance No. 187768 authorizing the Board to award an agreement pursuant to a competitive sealed proposal method permitting negotiations relating to the design, engineering, procurement, construction, testing, and commissioning of the Proposed Project. Additionally, City Council File No. 23-0039 directed LADWP to assess non-combustion alternatives to the Proposed Project including fuel cells, energy storage, demand response, and new transmission. The National Renewable Energy Laboratory (NREL) prepared the SGS Modernization Project Alternatives: Summary of Findings February 2025 Report (NREL Alternatives Report). This report supplements the LA100 Study, also by NREL, which analyzed multiple scenarios for the City to transform its electrical power supply to carbon-free resources. The NREL Alternatives Report considers changes in technologies that have occurred since the completion of the LA100 Study and reevaluates the need for dispatchable capacity at SGS. In summary, the NREL Alternatives Report asserts the need for new dispatchable capacity to replace the retiring OTC units and found that renewably fueled combustion turbines are likely the lowest-cost and lowest-risk option in the 2030-time frame, affirming the alternatives analysis in the EIR.

Construction of a rapid-response CCGS with the ability to operate on a fuel mixture of natural gas and hydrogen would substantially increase the efficiency of electrical power production and reduce the combustion of fossil fuels, thereby reducing greenhouse gas emissions. In addition, the Proposed Project would eliminate the use of ocean water

associated with the OTC system of Units 1 and 2, eliminating impacts on marine life associated with the operation of the cooling water intake structures.

With the implementation of expanded renewable generation resources, improvements to transmission systems, increased energy storage, and other elements of the LADWP carbon-free energy system outlined in the LA100 Plan, LADWP's in-basin generation units, including the Proposed Project, are anticipated to be utilized less frequently than under current conditions, primarily to meet peaks in the requirement for electrical power during high demand days that exceed renewable energy production and energy storage capacity. In addition, the CCGS would be used during relatively short-term periods when the renewable generation sources and/or transmission assets become unavailable due to emergency circumstances. Therefore, although anticipated to be operated less frequently, this firm local generation capability is crucial to maintaining the resilience and reliability of the LADWP power system.

ENVIRONMENTAL DETERMINATION

Determine item is in compliance with CEQA Guidelines Sections 15080-15097. In accordance with CEQA, an EIR was prepared to evaluate and disclose the potential environmental impacts associated with the construction and operation of the Proposed Project. Alternative 4 to the Proposed Project would have significant unavoidable impacts on air quality during commissioning/construction in relation to VOCs, carbon monoxide, and nitrogen oxides. Adoption of the Resolution will result in the certification of the EIR and adoption of the MMRP, Findings of Fact, and Statement of Overriding Considerations for the Proposed Project, in addition to approving Alternative 4 to the Proposed Project.

PUBLIC REVIEW

In accordance with CEQA, an Initial Study and EIR were prepared to analyze the impacts associated with the construction and operation of the Proposed Project:

- An Initial Study and Notice of Preparation (NOP) were made available from May 15, 2023, to July 14, 2023, extending the 30-day public scoping period to 60 days after two extension requests were granted.
- The NOP was filed with the State Clearinghouse and mailed to the appropriate agencies, organizations, interested parties, owners, and occupants located within 500 feet of the Proposed Project site, and California Native American tribal contacts provided by the Native American Heritage Commission.
- Copies of the Initial Study were made available for review on the LADWP website, LADWP's Corporate Environmental Affairs (CEA) in the John Ferraro Building (JFB), El Segundo Public Library, and Los Angeles Central Library.
- A legal notice and ads were published in the *Los Angeles Times* and *El Segundo Herald*.
- A public scoping meeting was held on June 6, 2023, to accept comments on the scope and content of the environmental information to be included in the EIR.

- A total of 11 comments were received during the scoping period; two verbal comments were received during the public scoping meeting, and nine written comment letters were received during the public comment period.
- The Notice of Availability (NOA) of the Draft EIR was made available from October 31, 2024, until April 7, 2025, extending the 45-day public review period to 159 days, after five extension requests were granted.
- The NOA was filed with the State Clearinghouse and mailed to the appropriate agencies, organizations, interested parties, owners and occupants located within 500 feet of the Proposed Project site, and California Native American tribal contacts provided by the Native American Heritage Commission.
- Copies of the EIR were made available for review on the LADWP website, LADWP's CEA in JFB, El Segundo Public Library, and Los Angeles Central Library.
- A legal notice and ads were published in the *Los Angeles Times*, the *El Segundo Herald*, and the *Torrance Daily Breeze*.
- A public meeting was held on November 20, 2024, to present the findings of the EIR and receive comments from the public.
- A total of 101 comments were received; 48 verbal comments were received during the public meeting, and 53 written comment letters were received during the public comment period (Table 1).

Table 1

| No. of comments | Commenters |
|-----------------|---------------------------------------|
| 48 | Verbal Comments during Public Meeting |
| 4 | Agency Comment Letters |
| 49 | Public Comment Letters |

Written responses to comments (RTC) are provided to demonstrate LADWP's careful consideration of the comments received. These responses provide LADWP's good faith and reasoned analysis on the major environmental issues raised in the comments. Commenters were directly responded to in writing. Comment letters and the RTC are included as an attachment.

TRIBAL CONSULTATION

In accordance with LADWP's CEQA Tribal Consultation Policy, consultation invitation letters were sent to all nine California Native American tribal contacts provided by the Native American Heritage Commission. Two tribes expressed interest in the Proposed Project: the Gabrieleno Band of Mission Indians – Kizh Nation and Gabrieleno Tongva Indians of California Tribal Council. LADWP held formal consultation meetings with each tribe to discuss the scope of the project and the project site's extensive development history. As discussed with the consulting tribes, Cultural Resources Awareness Training and procedures for Inadvertent Discovery of a Tribal Cultural Resource will be

implemented as described in the MMRP. Tribal consultation closeout letters summarizing consultation efforts and outcomes were sent to each of the consulting tribes to conclude tribal consultation under Assembly Bill 52 and CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- NOP
- Initial Study
- Scoping Review Period Extension
- NOA
- Draft EIR
- Draft EIR Review Period Extensions
- Final EIR
- MMRP
- Findings of Fact and Statement of Overriding Considerations
- City Council Ordinance No. 187768
- City Council File No. 23-0039
- SGS Modernization Project Alternatives: Summary of Findings Report by NREL
- Mailing and Email Notification Lists
- Proof of Publications