

WHEREAS, pursuant to Resolution No. 013-185 and related Ordinance No. 182949, the Board of Water and Power Commissioners (Board) and City Council authorized the General Manager to enter into transactions for the purchase and sale of environmental credits and Renewable Energy Credits (RECs); and

WHEREAS, these environmental credits and RECs are marketable commodities which can be purchased, sold, or exchanged in the market place to ensure the Los Angeles Department of Water and Power (LADWP) complies with environmental laws and regulations in accordance with LADWP's Environmental Credit and RECs (Policy) which was also adopted in pursuant to Resolution No. 013-185, related Ordinance No. 182949 and as codified in Section 23.143.1 of the Los Angeles Administrative Code (LAAC); and

WHEREAS, the Energy Services Executive Risk Policy Committee (ESERPC) has been tasked to provide appropriate oversight and formulate and ensure compliance with the policies, procedures and strategies; and provide periodic reports with respect to the activities associated with the environmental credits and RECs and in accordance with the Policy; and

WHEREAS, since the initial 2014 adoption of Section 23.143.1 of the LAAC and related Policy, changes to the regulatory landscape have prompted the need for new types of environmental credit products such as Nitrogen Oxide (NOx) Emission Reduction Credits (ERCs), which must be added to the LAAC and related Policy; and

WHEREAS, there have been updates to the United States Environmental Protection Agency's (EPA) Acid Rain Program, New Source Review (NSR) Permitting Program, Cross-State Air Pollution Rule (CSAPR), and Energy Policy Act (EPAAct); South Coast Air Quality Management District's (SCAQMD) NOx Regional Clean Air Market (RECLAIM) Program; California Air Resources Board's (CARB) Assembly Bill (AB) 32 Cap-and-Trade Program and Low Carbon Fuel Standard (LCFS) Program; and California Energy Commission's (CEC) Renewable Portfolio Standard; and

WHEREAS, the Acid Rain Program description in the Policy must be updated to remove Navajo and Mohave Generating Stations, which are no longer subject to the program due to their retirement and decommissioning; and

WHEREAS, the NSR Permitting Program description in the Policy must be updated to include the requirement that facilities will have to procure NOx ERCs instead of NOx RECLAIM Trading Credits to offset NOx emissions in the future when permitting new or modified sources; and

WHEREAS, in 2023, EPA expanded the CSAPR program, which sets a NOx pollution limit for affected states including Utah and Nevada and introduces another type of environmental credit product known as the CSAPR allowances, which may potentially be purchased for compliance of affected plants such as Intermountain and Apex

Generating Stations in the future, therefore prompting the need to include the program requirements in the Policy; and

WHEREAS, SCAQMD's RECLAIM Program description in the Policy must be updated to capture the new allowance allocations and the expected program sunset on December 31, 2025; and

WHEREAS, the reference to CARB's AB 32 Cap-and-Trade regulation in the Policy must be updated to remove a table showing LADWP's past allowance allocations; and

WHEREAS, CARB's LCFS program description in the Policy must be updated to include the amendments to the regulation in 2018, and clarify the opt-in nature of the program; and

WHEREAS, the EPC and Alternative Fuel Provider Rule program description in the Policy must be updated to include clarifications regarding the methods through which allowances can be earned for the EPC program, and LADWP's actions to achieve compliance with the program; and

WHEREAS, the LAAC and related Policy must be updated to include flexibility to purchase, sell, or exchange bundled or unbundled CEC eligible RECs and other additional environmental attributes (AEAs) for renewable energy that are not attributable to in-state regulatory programs; and

WHEREAS, the LAAC and related Policy must also be updated to define AEAs and include price limits for the newly added environmental credit products, namely the NOx ERCs and CSAPR allowances, to be consistent with the limits previously set for other environmental credits.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby respectfully requests that the City Council amend Section 23.143.1 of the LAAC through an ordinance which authorizes the Board to delegate authority to the General Manager to enter into all transactions contemplated by the LAAC and related Policy.

BE IT FURTHER RESOLVED that the Board hereby delegates to the General Manager the authority to enter into all transactions contemplated by Section 23.143.1 of the LAAC, provided the City Council approves the ordinance as requested in this Resolution.

BE IT FURTHER RESOLVED that the Board directs and approves that the existing Policy be amended by the LADWP in conformance with this Resolution and after the proposed ordinance amending Section 23.143.1 of the LAAC takes effect, provided that the City Council pass an ordinance as requested in this Resolution and the Policy amendment is approved by the General Manager.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP is hereby authorized and directed to draw demands upon the Power Revenue Fund in accordance with the terms of the contracts and transactions entered into in conformance with the requirements of this Resolution and any ordinance that may be approved by the City Council.

BE IT FURTHER RESOLVED that this matter is forwarded to the City Council for further action.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held February 10, 2026.

APPROVED AS TO FORM AND LEGALITY
HYDEE FEDLSTEIN SOTO, CITY ATTORNEY
JANUARY 12, 2026

BY



VAUGHN MINASSIAN
DEPUTY CITY ATTORNEY



Secretary