LA DWP Los Angeles Department of Water & Power

BOARD LETTER APPROVAL

RESOLUTION NO. 027 014

FOR:

JASON L. RONDOU
Interim Chief Operating Officer and
Senior Assistant General Manager – Power System

David Hanson (Jun 29, 2026 14:26:19 EDT)

DAVID W. HANSON
Interim General Manager

DATE: June 23, 2026

SUBJECT: Notch Peak Project Power Sales Agreement No. BP 26-011 and Agency Agreement No. BP 26-012 Between the Los Angeles Department of Water and Power and the Southern California Public Power Authority

SUMMARY

The attached Resolution recommends the Los Angeles City Council's approval, by Ordinance, of the Notch Peak Project Power Sales Agreement (PSA) No. BP 26-011 and Agency Agreement (AA) No. BP 26-012. The Resolution also authorizes the Los Angeles Department of Water and Power (LADWP) to apply the renewable energy and environmental attributes acquired under the PSA towards compliance with the State of California mandated Renewable Portfolio Standard (RPS) Policy and Enforcement Program.

Approval of PSA No. BP 26-011 and AA No. BP 26-012 is required for LADWP to procure renewable energy from the 324-megawatt (MW) Notch Peak Project (NPP or Project) located in Millard County, Utah. The PSA enables LADWP to purchase renewable energy from Southern California Public Power Authority (SCPPA) for a 30-year term. The Project's estimated commercial operation date (COD) is September 2028. The AA designates LADWP as Project Manager to administer NPP contracts on behalf of SCPPA.

LADWP is joined by the City of Glendale as the two participants in this Project. The allocation of the renewable energy received from the Project is as follows:

LADWP: 299 MW (92.28 percent)
Glendale: 25 MW (7.72 percent)

The renewable energy generated from NPP is expected to increase LADWP's renewable energy sales to all customers by approximately 3.6 percent.

City Council approval is required, by Ordinance, pursuant to City Charter Section 674 and 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council approval, by Ordinance, pursuant to Charter Section 373, of PSA No. BP 26-011 for the purchase of renewable energy, environmental attributes, and capacity, and AA No. BP 26-012 for project management and contract administration.

ALTERNATIVES CONSIDERED

Through the SCPPA Request for Proposal (RFP) process, NPP was selected as an addition to LADWP's generation portfolio for the following reasons:

- NPP connects to the Intermountain Power Project (IPP) 345-kiloVolt Switchyard, which is directly connected to LADWP's Balancing Authority Area.
- It leverages LADWP's existing transmission infrastructure and transmission rights.
- Renewable energy from NPP can serve LADWP customers in the LA Basin or be used to produce green hydrogen for storage and future use in IPP's hydrogen-ready gas turbines.
- It offered the lowest energy price among proposals submitted at the time.
- The Project will start contributing to LADWP's RPS and clean energy goals as early as the third quarter of 2028.
- The Project will be designed, engineered, constructed, owned, operated, and maintained by an experienced renewable developer.
- The Project agreement provides an ownership opportunity for LADWP.

Failure to acquire renewable energy from NPP could result in LADWP missing its RPS procurement targets. The only alternative would be to initiate negotiations with another developer who may not meet the criteria mentioned above.

FINANCIAL INFORMATION

The price of energy delivered to IPP is $52.70 per megawatt-hour (MWh) with no escalation over the 30-year term. If the Project qualifies under the Intermountain Power Plant Retirement criteria, the price will be reduced to either $46.75 or $50.85 per MWh, depending on the timing of the qualification. Neither price will have escalation.

Over the 30-year term, LADWP is estimated to receive 739,122 MWh of energy annually. The estimated average annual cost for this energy is approximately $39 million, totaling about $1.17 billion over the full term. These funds will be used to purchase renewable energy and environmental attributes as part of LADWP's RPS Policy, benefiting LADWP ratepayers by providing renewable energy that reduces fossil fuel consumption, costs, and carbon emissions.

Funding is allocated in the Power Revenue Fund's Fuel and Purchased Power Budget. The estimated saving for Year 1 includes $16.1 million in avoided fuel costs and $15.8 million in avoided CO_2 expenses.

The NPP Option Agreement provides LADWP with the option to purchase the Project in years 10, 15, 20, and 25 from COD, or at the end of the Power Purchase Agreement (PPA) term. The purchase price will be based on the fair market value of NPP at the time the option is exercised, subject to Board approval.

With an expected generation of 794,095 MWh during NPP's first year of Commercial Operation, the following outlines the estimated equivalent benefits to LADWP customers and the environment for Year 1:

Avoided Metric tons of Carbon Dioxide (CO2)	159,838
Equivalent number of cars not driven	36,600
Equivalent number of homes served	206,796
Equivalent natural gas not burned to generate electricity (million standard cubic feet)	2,936

BACKGROUND

LADWP is transforming its power generation portfolio to address the environmental, regulatory, reliability, and economic challenges as it transitions to clean energy. As a North American Electric Reliability Corporation balancing authority, LADWP has direct responsibility for ensuring reliable electric service while reducing greenhouse gas emissions and transitioning from fossil fuel-based resources to sustainable renewable energy.

Senate Bill 100

California's Senate Bill 100 sets RPS requirements of 52 percent of LADWP's retail energy from eligible renewable energy sources by December 31, 2027; 60 percent renewable energy by 2030; and 100 percent clean energy by 2045.

Selection Criteria

NPP was selected following a comprehensive review and ranking of submissions to the SCPPA renewable resources RFP, using LADWP's selection criteria, which include:

- Type of renewable technology (solar, wind, geothermal, etc.)
- Total delivered energy cost to the desired Point of Delivery (POD) within LADWP's Transmission System
- Utilization of existing LADWP transmission assets
- Transmission availability
- Project capacity
- Level of site control
- Level of environmental review
- Expected COD of the facility
- Experience of the renewable developer
- Close proximity to the Advanced Clean Energy Storage, LLC project and its hydrogen electrolyzers, located adjacent to the IPP site, which will produce hydrogen for IPP's hydrogen-ready gas turbines.

LADWP evaluates potential renewable projects through an internal process that uses a weighted scoring matrix based on these criteria. Through this process, LADWP determined that the Notch Peak Project provides the best overall value for its ratepayers.

Southern California Public Power Authority (SCPPA)

SCPPA is a nonprofit joint power agency formed in 1980 to facilitate joint power and transmission projects for the benefit of the Southern California municipal utilities. SCPPA's members include LADWP, the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Pasadena, and Riverside, as well as the Imperial Irrigation District (IID). On April 4, 2006, the Board approved the SCPPA Phase I Renewable Development Agreement No. 96125-76 under Resolution No. 006-157, which was subsequently superseded and replaced by the Phase II Renewable Development Agreement No. 12-020 approved and adopted by the Board on August 22, 2012, under Resolution No. 013-049. This resolution authorized LADWP to participate with other members of SCPPA for the purpose of investigating and performing due diligence on potential new renewable resource options.

SCPPA issued two Renewable Resources RFPs on February 14, 2025, and June 30, 2025, as part of a competitive process for the purchase or acquisition of renewable energy resources. Having two RFP release dates each year allows new proposals to be submitted every six months, while existing proposals can be updated with current prices and terms. In 2025, SCPPA received 39 proposals from developers offering solar, wind, and geothermal resources. Among these, Longroad Energy Holdings, LLC (Longroad) submitted the NPP proposal on May 2, 2025. After being selected as the least cost, best fit project on June 29, 2025, negotiations between SCPPA members and Longroad commenced.

The PPA is effective pending required approvals of the PSA and AA. Through the PSA between SCPPA and LADWP, SCPPA sells LADWP its proportionate share of renewable energy from NPP and passes through the associated energy, rights, environmental benefits, and obligations.

PPA Between SCPPA and Notch Peak Project, LLC

SCPPA is entering into the PPA with Notch Peak Project, LLC, a special-purpose entity whose ultimate upstream equity owner is Longroad. Longroad will design, engineer, construct, own, maintain, and operate NPP which is located in Millard County, Utah. The 324 MW project will use single tilt photovoltaic technology and does not include energy storage. NPP is adjacent to the IPP and will deliver renewable energy to the IPP 345kV Switchyard.

Through the PPA, NPP will sell SCPPA solar energy and environmental attributes, with first-year generation expected to be 860,481 MWh. With LADWP's share of NPP at 92.28 percent, its proportionate share for the first year is estimated at 794,095 MWh. The average expected annual generation over the 30-year term is 739,122 MWh.

LADWP's RPS Policy requires that eligible renewable resources procured after June 1, 2010, to be classified into Portfolio Content Categories (PCC). For these resources, LADWP must procure an increasing share of its renewable energy from PCC-1 resources, including those interconnected to a California Balancing Authority such as LADWP. Seventy-five percent of the renewable energy LADWP uses to serve its customers must be from PCC-1 resources. NPP will help meet PCC-1 requirements by delivering eligible renewable energy dynamically (as generated) to the POD within LADWP's balancing authority.

Finally, as discussed above, the PPA includes an option for SCPPA to purchase NPP under the Option Agreement. At the direction of the Participants, SCPPA may exercise this option in years 10, 15, 20, or 25 from COD, or at the end of the term. Once the option is exercised, the PPA would terminate and SCPPA would assume ownership of NPP. Upon the repayment of any outstanding bonds issued by SCPPA and any other amounts owed, ownership would ultimately transfer to LADWP. In addition to the purchase option, the PPA grants SCPPA a right-of-first-offer for any proposed sale of

NPP during the contract term. The attached Resolution requires Board authorization before any option under the Option Agreement can be exercised.

PSA No. BP 26-011 Between SCPPA and LADWP

Under the PSA, LADWP contractually agrees to mutual covenants and agreements in order to pay SCPPA for its share of costs for NPP renewable energy, environmental attributes, and capacity. The term of the PSA matches the 30-year term of the PPA. In addition, the PSA:

- Contains the PPA, Appendices and Option Agreement.
- Identifies the roles, rights, and obligations of SCPPA and LADWP including but not limited to project deliverables, project manager, setting up of an annual budget, accounting, and reporting requirements.
- Establishes payment mechanisms including but not limited to payment pledges, charges and billing procedures, and interest payments.
- Establishes the rights and obligations of SCPPA and LADWP to deliver energy, capacity, and environmental attributes.
- Encompasses other agreements and obligations including but not limited to nonperformance and payment defaults, and liability conditions to termination or amendments.
- Addresses other services such as delivery procedures, transmission, and dynamic scheduling.
- Requires Board approval before exercising the PO.

Under the terms of the PSA, LADWP contractually agrees:

- To purchase from SCPPA the test energy (pre-COD) from NPP.
- To purchase from SCPPA the energy output from NPP and associated environmental rights and attributes.
- To pay for the average annual delivery of 739,122 MWh of energy at a fixed energy price of $52.70 per MWh over the 30-year term.

AA No. BP 26-012 Between SCPPA and LADWP

The AA designates LADWP as the Project Manager to manage and administer NPP for and on behalf of SCPPA to enable SCPPA to carry out activities necessary for the commissioning and operations of NPP. The term of the AA matches the 30-year term of the PPA.

The mutual covenants and agreements addressed by the AA include:

- Identifying the roles and obligations of SCPPA and LADWP in connection with project reviews, monitoring, accounting, billing, reporting, and controls including the setting up of an annual budget and reporting requirements.

- Establishing payment mechanisms and billing procedures, including but not limited to, payments between LADWP and SCPPA for costs and charges related to NPP.
- LADWP will review monthly performance reports and ensure NPP is performing under the terms and conditions of the PPA.

Risk Management Provisions

Notch Peak Project is required to post two securities: the first security during construction (before achieving COD) and the second security for the term of the PPA once NPP achieves COD. The facility must also satisfy the insurance requirements specified by LADWP's Risk Management.

To the extent there is a shortfall in the guaranteed energy delivered, NPP may provide equivalent replacement renewable energy or otherwise compensate SCPPA.

Additional provisions include LADWP receiving monthly performance reports of the facility.

Mayoral Executive Directive No. 15 (ED-15)

In accordance with ED-15, this item was submitted to the Mayor's Office on May 11, 2026, for review and consideration prior to Board action. On May 29, LADWP received authorization to proceed with Board approval.

Rate Payer Advocate Review

Power System management met with the Rate Payer Advocate in June 2026 to discuss the Board package.

ENVIRONMENTAL DETERMINATION

Determine item is 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 the 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. The construction, operation and/or transfer of project ownership cannot move forward prior to full compliance with applicable environmental and NEPA requirements.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and Notch Peak Project Power Sales Agreement No. BP 26-011 and Notch Peak Project Agency Agreement No. BP 26-012 as to form and legality.

ATTACHMENTS

- Resolution
- Draft Ordinance
- Notch Peak Project Power Sales Agreement No. BP 26-011
- Notch Peak Project Agency Agreement No. BP 26-012
- Mayor's Office Authorization (ED-15)