

RESOLUTION NO. 22-189

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GLENDALE, CALIFORNIA, AMENDING RESOLUTION 22-34 TO PROVIDE DIRECTION TO STAFF REGARDING THE IMPLEMENTATION OF THE GRAYSON REPOWERING PROJECT UTILIZING THREE WARTSILA ENGINES; AMENDING RESOLUTION 22-127 TO ADD THE PROCUREMENT OF BATTERY ENERGY STORAGE SYSTEM TO THE SCOPE OF THE REQUEST FOR PROPOSALS FOR THE BALANCE OF SITE WORK; AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT, AND ALL RELATED AND NECESSARY DOCUMENTS, FOR THE ENGINEERING, PROCUREMENT, AND CONSTRUCTION OF THREE WARTSILA ENGINES AND ASSOCIATED POWER ISLAND EQUIPMENT AND FACILITIES

WHEREAS, the City's aging Grayson Power Plant is experiencing an increasing frequency in unplanned and forced outages, which threaten local reliability; and

WHEREAS, a majority of the existing generation units at the Grayson Power Plant would no longer be allowed to continue operating beyond 2023 without major air quality retrofits to meet South Coast Air Quality Management District emissions limits; and

WHEREAS, without the Grayson Power Plant, the City will not have sufficient sources of power to meet energy demand within the City while maintaining sufficient power reserves; and

WHEREAS, the City's Department of Water and Power ("GWP") studied Alternative 7, the Tesla/Wartsila Project Alternative (Battery Energy Storage System combined with five reciprocating internal combustion engines), as one of the Project Alternatives for the Grayson Repowering Project in the 2022 Final Environmental Impact Report, State Clearinghouse No. 2016121048 ("2022 Final EIR"), as an option to repower the existing Grayson Power Plant and determined the Tesla/Wartsila Project Alternative would meet the proposed Project objectives and would result in the fewest potential environmental impacts when compared to the proposed Project and other Alternatives evaluated; and

WHEREAS, on February 15, 2022, the City Council adopted Resolution No. 22-28, Certifying a Final Environmental Impact Report for the Grayson Repowering Project, and making certain findings and determinations; and

WHEREAS, on February 15, 2022, the City Council adopted Resolution No. 22-29 approving Grayson Repowering Alternative 7 (Tesla/Wartsila Project Alternative), adopting a Statement of Overriding Considerations, and Making

Findings in support thereof, adopting a Mitigation, Monitoring, and Reporting Program, and directing staff to take actions in furtherance thereof; and

WHEREAS, on March 1, 2022, the City Council adopted Resolution No. 22-34, amending City Council Resolution No. 22-29 whereby it modified Alternative 7 and provided direction relating to same as follows:

"Section 2. Alternative 7 of the Grayson Repowering Project, the Tesla/Wartsila Project Alternative, defined herein as:

- A 75 MW/300 MWH energy storage system;
- Five Wartsila reciprocating internal combustion engine units producing approximately 93 MW net at average annual site conditions;
- A new switching station; and
- Related facilities.

as approved and adopted on February 15, 2022, Alternative 7 shall be modified such that staff is directed not to purchase Wartsila engines until a decision regarding their purchase is made by City Council in December 2022, or earlier if directed by the City Council."

WHEREAS, on March 1, 2022, the City Council by Resolution No. 22-34, also amended Section 5 of City Council Resolution 22-29 and directed staff as follows:

"Section 3. Section 5 of the City Council Resolution No. 22-29 is hereby amended and replaced with the following Section 5:

'Section 5. In furtherance of the Council's selection of the Alternative 7 Tesla/Wartsila Project Alternative to repower the Grayson Power Plant, Staff is hereby directed to proceed with the following:

- a. Separation of Unit 9 from the Grayson Power Plant;
- b. Demolition of Grayson Power Plant Units 1-8 and environmental remediation and the Grayson site;
- c. Procurement of the Tesla Battery Energy Storage System;
- d. Necessary engineering, procurement, and construction to integrate the Tesla Battery Energy Storage System into the Grayson site;

- e. Necessary engineering, procurement, and construction to prepare for the potential addition of up to five Wartsila engines at Grayson should Council decide to proceed with any number of these engines;
- f. Air permits and procurement of emissions reduction credits for the five Wartsila engines;
- g. All required bonding to finance the above.

Staff is further directed to return to City Council no later than the end of Calendar Year 2022 for a decision regarding the purchase of Wartsila engines."

WHEREAS, on August 16, 2022, City Council adopted Resolution No. 22-127 authorizing the General Manager of GWP to utilize the Alternative Project Delivery Method pursuant to Chapter 4.13 of the Glendale Municipal Code ("GMC") for the engineering, procurement, and construction of the Balance of Site ("BOS") for the Grayson Repowering Project; and

WHEREAS, on August 16, 2022, the City Council adopted a Motion authorizing the City Manager, or his designee, to execute a Professional Services Agreement ("PSA") with Wartsila North America, Inc. to provide Phase 2 Limited Notice to Proceed Engineering Services for the Grayson Repowering Project for 3 Wartsila engines for an amount not to exceed \$9,882,000 plus a 10% (\$988,000) reserve for contingencies; and

WHEREAS, in November 2022, the City and Tesla reached an impasse in contract negotiations for the direct engineer procurement, and construction of the Battery Energy Storage System ("BESS"), for the reasons described in the Report dated December 13, 2022 from the General Manager of GWP; and

WHEREAS, in light of this impasse the City is modifying its implementation plan for Alternative 7 by requesting that proposers for the Balance of Site engineering, procurement and construction Request For Proposals to the Balance of Site ("BOS") engineering, procurement and construction Request For Proposals ("BOS EPC RFP") also include supply of a Battery Energy Storage System ("BESS") and the necessary engineering, procurement, and construction to integrate the BESS into the Grayson site; and

WHEREAS, the BOS EPC RFP will not mandate that the proposers utilize Tesla batteries, however, the proposers will be free to propose the BESS of their choice which can include Tesla. The City will evaluate the best choice for the BOS EPC Contractor including consideration of the BESS, and should a proposer use Tesla, the proposer will contract directly with Tesla and will be

directly responsible to satisfy all of the City's requirements. There will be no direct contract between the City and the BESS supplier. The City would directly negotiate a separate Long Term Services contract with the BESS supplier; and

WHEREAS, on March 1, 2022 City Council's directed staff to pursue 50 MW of Distributed Energy Resources ("DER") within the City and on May 27, 2022, GWP issued an RFP to ascertain the feasibility of DER projects of different scales and sizes; and

WHEREAS, the DER process has identified various projects and resources, which will help the City meet some of the City's electrical energy demands but which will not alleviate the need for the proposed Grayson Repowering Project incorporating Wartsila engines; and

WHEREAS, pursuant to City Council's direction, on March 21, 2022 GWP staff met with Los Angeles Department of Water & Power ("Los Angeles") to ascertain whether Los Angeles could agree to supply the City/GWP with energy and reserves in lieu of building the Grayson Repowering Project and was advised by Los Angeles that that GWP must maintain adequate reserves at all times to cover GWP's N-1 and N-1-1 reserve obligations even to the point of shedding load, and that Los Angeles did not have 100 MW of capacity available to assist in supporting GWP's system.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Glendale, California that:

I. Direction Regarding the Implementation of the Grayson Repowering Project Alternative 7:

Section 1. The recitals above are incorporated herein by this reference and made a part of the findings in support this Resolution.

Section 2. Section 3 of the City Council Resolution No. 22-34 (which modified and replaced Section 5 of the City Council Resolution No. 22-29) is hereby amended as follows:

In furtherance of the Council's selection of the Alternative 7 Tesla/Wartsila Project Alternative to repower the Grayson Power Plant, Staff is hereby directed proceed with the following:

- a. Continue with Unit 9 separation;
- b. Complete the bidding process for the Demolition and Site Improvement of Grayson Power Plant Units 1-8 and environmental remediation of the Grayson site, and following award enter into a contract for the same;

- c. Prepare and release an RFP for the BOS EPC contract, inclusive of for the work and costs to engineer, procure and construct a BESS up to 75 MW/300 MWh and integrate the said BESS and the Wartsila power island into the Grayson Power Plant site;
- d. Proceed with necessary engineering, procurement, and construction to prepare for the addition of three Wartsila engines at Grayson;
- e. Proceed with South Coast Air Quality Management District permitting for three Wartsila engines; finalize the negotiation of contracts for purchase of the necessary emissions reduction credits, and present the same to the City Council for approval; and
- f. Issue bids for all required bonding, prepare bond document and seek City Council adoption of a bond ordinance, to finance the above.

II. Addition of the procurement of BESS to the Scope of the Balance of Site (BOS) EPC RFP:

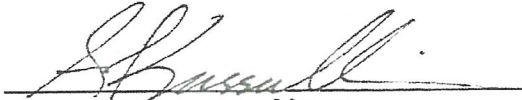
Section 3. Section 2 of the City Council Resolution No. 22-127 which authorized the Alternative Project Delivery Method pursuant to Chapter 4.13 of the GMC for the engineering, procurement and construction of the BOS work for the Grayson Repowering Project, is amended to include procurement of a BESS in the scope of the BOS EPC RFP.

III. Purchase of 3 Wartsila Engines:


Section 4. The City Council hereby authorizes the City Manager, or his designee, to enter into and execute a contract with Wartsila North America, Inc. to purchase engineering, procurement, construction, and commissioning services for 3 Wartsila engines and associated equipment and infrastructure within the Wartsila power island as described in the 2022 Final EIR, in the not to exceed amount of \$170,000,000, subject to City Council's authorization for financing. The form of said contract shall be subject to the approval of the City Attorney.

Section 5. The City Council further authorizes the City Manager, or his designee, to enter into and execute any related and necessary supplemental documents to the herein authorized contract for the installation of a 3 engine Wartsila power island. The form of said documents shall be subject to the approval of the City Attorney.

Adopted by the Council of the City of Glendale on this 13th day of December, 2022.


Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM


CITY ATTORNEY

STATE OF CALIFORNIA) SS.
COUNTY OF LOS ANGELES)

DATE 12/22/22

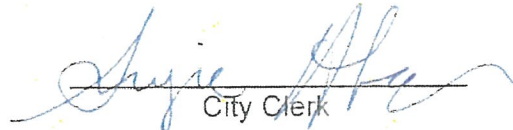
I, Suzie Abajian PhD, City Clerk of the City of Glendale, hereby certify that the foregoing Resolution No. 22-189 was adopted by a majority vote of the Council of the City of Glendale, California, at a regular meeting held on the 13th day of December, 2022, and that the same was adopted by the following vote:

Ayes: Brotman, Devine, Najarian, Kassakhian

Noes: Asatryan

Absent: None

Abstain: None


City Clerk