

LADWP Accelerates Coal Power Reduction with Full Divestment From Navajo Generating Plant 3.5 Years Ahead of Schedule

LOS ANGELES — The Los Angeles Department of Water and Power (LADWP) will reduce its coal generated power by 25% with the completed divestiture from the Navajo Generating Station, which was finalized on July 1, 2016. The milestone is a major step toward eliminating coal from the City's power portfolio by 2025.

The divestment is the result of an agreement with Salt River Project (SRP) to sell the LADWP's 21 percent share in the coal-fired Navajo Generating Station outside of Page, Arizona. The sale will reduce LADWP's greenhouse gas emissions by 5.39 million metric tons over the next three and a half years—equivalent to taking over one million cars off the road.

“The crisis of climate change demands that we take action now to end our reliance on coal,” said Mayor Eric Garcetti. “Divesting in the Navajo Generating Station is a major step toward reducing greenhouse gas emissions and securing L.A.'s clean energy future.”

Under the agreement with SRP, LADWP stopped receiving its former 477 Megawatt share of coal power from Navajo on July 1, 2016. The power will instead come from renewable resources and energy efficiency programs, backed by natural gas. The backup natural gas power resource is located outside of the LA-basin and is un-affiliated with the Aliso Canyon Natural Gas Storage Facility. With the completion of the Navajo transaction, LADWP will reduce coal generated power from 40 percent to 30 percent of the City's energy portfolio.

“Reducing our dependence on coal is critical to becoming a more sustainable, resilient City,” said Councilmember Felipe Fuentes, chair of the City Council’s Energy and Environment Committee. “LADWP’s divestiture from Navajo is a smart, strategic move that will benefit Los Angeles for future generations.”

“This is a huge step forward toward achieving a clean energy future for Los Angeles,” LADWP General Manager Marcie L. Edwards said. “After years of negotiations and extensive coordination with all project participants, we have reached a milestone – the close to one more chapter in transforming the City’s Energy portfolio.”

The sale was approved on July 24, 2015, subject to a variety of closing conditions that were required to be met prior to the divestiture. LADWP officials worked diligently with SRP and other co-owners to mitigate all closing conditions through a series of discussions, meetings, and document exchanges to meet the July 1, 2016, target to complete the sale. LADWP will receive approx. \$15 million at the close of the transaction and 158 MW of Eldorado transmission rights which will provide import capability for additional renewable resources.

With the close of this transaction, LADWP will have one remaining coal power source, the Intermountain Power Project (IPP) in Utah. The LADWP is currently in discussions to replace coal generation at that facility with cleaner resources by 2025. Early elimination of coal power will ensure compliance with Senate Bill 1368 and the Global Warming Solutions Act of 2006 (Assembly Bill 32), which created the state’s Cap and Trade Program to reduce greenhouse gas emissions.

###