



**THE PORT  
OF LOS ANGELES**

Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MAY 27, 2025**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT NO. 25-06 WITH AVOCET ENERGY STORAGE, LLC AND GUARANTY AGREEMENT WITH AREVON ENERGY JV HOLDCO V, LLC**

**SUMMARY:**

Staff requests approval of Revocable Permit No. 25-06 (Revocable Permit) with Avocet Energy Storage, LLC, a Delaware Limited Liability Company (Avocet), for surface, subsurface, and aerial use of City of Los Angeles Harbor Department (Harbor Department) property to install a high-voltage transmission line that would cross the Union Pacific (UP) Intermodal Container Transfer Facility (ICTF) located at 2401 E. Sepulveda Boulevard, Los Angeles, CA, 90810.

Under the proposed Revocable Permit, Avocet would pay \$150,834.00 for each six-month period, subject to proration if the compensation period is shorter than six months. Effective July 1, 2026, and annually thereafter, rent would increase by the greater of two percent or the annual year-over-year increase in the Consumer Price Index (CPI).

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that since approval of the Initial Study/Mitigated Negative Declaration by the City of Carson (State Clearinghouse No. 2024040695) for the Avocet Energy Storage System Project, there have been (1) no substantial changes to the Project which would require major revisions of the Initial Study/ Mitigated Negative Declaration (IS/MND), (2) no substantial changes with respect to the circumstances under which the Project is being undertaken which would require major revisions in the IS/MND, and (3) no new information has become available which was not known or could have been known at the time the IS/MND was certified as complete;
2. Adopt the Findings of Fact;
3. Adopt the mitigation measures contained in the Mitigation Monitoring and Reporting Plan that pertain to the construction and operation of the Gen-Tie Line Project of the certified IS/MND;

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4. Authorize the Environmental Management Division to file the Notice of Determination with the Los Angeles County Clerk and the State Clearinghouse;
5. Find that the Director of Environmental Management has determined that the proposed action has been previously assessed in the Avocet Energy Storage System Initial Study/ Mitigated Negative Declaration (State Clearinghouse No. 2024040695), adopted by the City of Carson on August 6, 2024.
6. Approve Revocable Permit No. 25-06 with Avocet Energy Storage, LLC;
7. Approve the Guaranty Agreement furnished by Arevon Energy JV HoldCo V, LLC;
8. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 25-06 upon approval by the Board; and
9. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – Avocet submitted an Application for Port Permit (APP), APP No. 230602-109, in support of developing its ~200-megawatt battery energy storage system consisting of lithium-ion batteries, and a generation transmission line (gen-tie line) which would interconnect the proposed project to the existing Southern California Edison (SCE) Hinson Substation located in the City of Long Beach and construct other project-related offsite improvements (Transmittal 1).

Under the proposed Revocable Permit, Avocet would use and occupy Harbor Department property in the vicinity of Sepulveda Blvd. and Intermodal Way (i.e., UP ICTF site) (Transmittal 2) for an aerial and subsurface high-voltage wire crossing as well as installation of transmission poles in connection with the above-mentioned gen-tie route. The aerial portion of the gen-tie line would span from the project site to the east crossing over Dominguez Channel and UPRR facilities to transmission poles. The gen-tie line would then transition to a single underground line and turn north along the property to connect to the northwest corner of the Hinson Substation. As such, the premises are comprised of surface, subsurface, and aerial areas. Rental values for aerial and subsurface use were allotted a 50 percent discount due to their minimal impact on the underlying property. Below are the proposed rental rates.

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Area Sq. Ft.	Annual Rent Rate	Property Impact	Rent	Discount	Total
25,104	\$5.00	Subsurface	\$125,520.00	50.00%	\$62,760.00
93,061	\$5.00	Aerial	\$465,305.00	50.00%	\$232,653.00
1,176	\$5.00	Surface	\$5,880.00	0.00%	\$5,880.00
75	\$5.00	Surface	\$375.00	0.00%	\$375.00
Total Annual Rent					\$301,668.00

Provided below is a summary of material terms of Revocable Permit No. 25-06 (Transmittal 3):

<u>Provision</u>	<u>Description</u>
Real Estate Entitlement	Revocable Permit
Permitted Use	Construction, operation, and maintenance of electrical distribution and transmission facilities
Effective Date	July 1, 2025
Termination	Subject to termination by either party with 180 days' written notice
Premises	Aerial: 93,061 sq. ft. Subsurface: 25,104 sq. ft. Surface: 1,251 sq. ft. Total: 119,416 sq. ft.
Rent	\$25,139.00 per month \$150,834.00 per six-month period Annual Base Rent Adjustment greater of 2% or CPI, effective July 1, 2026, and annually thereafter
Security Deposit	Three months' rent; \$75,417.00

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Transfers/Assignments	Prohibited except for assignments for security purposes, which are subject to Harbor Department consent, delegated to the Executive Director.  Consent to assignments for security purposes will not be granted unless Avocet and its lenders satisfy specific requirements set forth in the Revocable Permit.
Maintenance	The Harbor Department has no maintenance obligations.
Restoration	Avocet is responsible for restoring the premises at the expiration or earlier termination of the Revocable Permit, including removal of all structures and contamination, if any.
Insurance	General liability insurance (\$20M), auto insurance (\$5M), environmental impairment liability (\$10M), fire liability insurance (\$500k), and all other standard requirements established by the Risk Management Division.
Guarantor	Arevon Energy JV HoldCo V, LLC, a Delaware Limited Liability Company.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of Revocable Permit No. 25-06 with Avocet Energy Storage, LLC, for the construction of an energy storage system with a transmission “Gen-Tie Line” that transverses Port of Los Angeles-owned property. The CEQA analysis of this is as follows:

The construction and operation of the energy storage system and connections were previously assessed in the Avocet Energy Storage System Initial Study/Mitigated Negative Declaration prepared by the City of Carson (State Clearinghouse No. 2024040695). As part of this action, the Harbor Department must make certain findings and determinations pursuant to CEQA because it is considered a Responsible Agency in granting a permit for a portion of the Avocet Energy Storage System Project described in the IS/MND as the “Gen-Tie Line.”

Based on its independent review and consideration of the IS/MND, the Harbor Department has made certain findings of fact regarding the environmental effects of the Avocet Energy Storage System Project pursuant to Public Resources Code Section 21081 and Title 14 California Code of Regulations Section 15091; and sets forth a Mitigation Monitoring and Reporting Plan (MMRP) that pertains to the "Gen-Tie Line" project element of the approved IS/MND pursuant to Public Resources Code Section

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21081 and Title 14 California Code of Regulations Section 15097. The Findings of Fact and Mitigation Monitoring and Reporting Plan are provided as Transmittal 4.

**FINANCIAL IMPACT:**

Approval of the Revocable Permit will result in the Harbor Department receiving \$301,668.00 in rent for the first year. Effective July 1, 2026, and annually thereafter, rent will increase by the greater of two percent or the annual change in CPI. Avocet, at its sole cost and expense, shall maintain and repair all improvements on the premises. Staff has reviewed financial information pertaining to the proposed guarantor, Arevon Energy JV HoldCo V, LLC, and as of the most recently completed fiscal year, it appears that Arevon Energy JV HoldCo V, LLC possesses a reasonable amount of financial wherewithal to serve as a guarantor of the proposed Revocable Permit should an adverse event occur.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the proposed Revocable Permit and the Guaranty Agreement as to form and legality.

**TRANSMITTALS:**

1. Proposed Project Map
2. Site Map
3. Revocable Permit No. 25-06
4. Guaranty Agreement
5. Findings of Fact and Mitigation Monitoring and Report Plan

FIS Approval: JS  
CA Approval: SO

*Marisa L. Katnich*  
MARISA L. KATNICH  
Director, Cargo & Industrial Real Estate

*Michael DiBernardo*  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

*Erica M. Calhoun* for

EUGENE D. SEROKA  
Executive Director