

Electric Energy and Power Coordination Agreement

The purpose of this modification is to: (1) insert ARTICLE XVI- Western Electric Coordinating Council Compliance, (2) insert ARTICLE XVII – Carbon Free Power Project (3) Insert ARTICLE XVIII – Future Resources, (4) revise Attachment A Exhibit A, Schedule 3, Rev. 2, (5) insert new Attachment A Exhibit B, Schedule 4.1 Rev. 0, (6) Remove Attachment A, Exhibit A, Schedule 1.1, TA-3 Generating Plant Units 1, 2, and 3

(1) ARTICLE XVI- Western Electric Coordinating Council Compliance and Peak Reliability Services

The Western Electricity Coordinating Council (WECC) is the Regional Entity for the Western Interconnection responsible for compliance monitoring and enforcement. NNSA is registered as a Transmission Owner (TO) and Transmission Operator (TOP) with WECC. As a registered entity, NNSA is responsible for compliance with all requirements of the WECC standards that are applicable to their function for which they are registered~~for~~. NNSA is required to self-certify annually for all registered functions and WECC conducts compliance audits of the TO/TOPs per their schedule. As part of the ECA, the County provides and is responsible for the operation and maintenance of the Supervisory Control and Data Acquisition (SCADA) software system and the Backup Control Center that support the NNSA TOP function at LANL. The SCADA system and the Backup Control Center provide critical functions that are needed to meet the WECC TOP requirements related to Critical Infrastructure Protection and cybersecurity requirements. Operating Procedure C15, *NERC CIP Compliance and Electric SCADA System Maintenance* includes details on the WECC requirements applicable to the transmission system.

The parties agree to the following terms to ensure compliance with the applicable WECC standards and/or requirements:

Each party shall comply with the North American Electric Reliability Corporation and Western Electric Coordinating Council (WECC) standards where applicable, for the safe and reliable operation of the electric distribution/transmission system. NNSA will notify the County, when new standards or modifications to standards ~~as~~are applicable. The NNSA/County Operating Procedures will be updated to identify the requirements and who is the responsible party to implement, as necessary.

NNSA and the County shall be responsible for the maintenance and operation of their respective transmission facilities. Incurrence of significant costs relating to operation or maintenance of Pool transmission facilities will be reviewed and approved pursuant to the NNSA/County Operating Committee procedures for budgeting and planning. (Reference Operating Procedure C5, 1.1, *Transmission System Operation and Maintenance*) Attachment A, Exhibit A, Schedule 3, Rev 3 identifies the NNSA transmission facilities. Attachment A, Schedule 4.1, Rev 0 identifies the County transmission facilities.

As the registered entity with WECC, NNSA shall be the lead party responsible for the annual self-certification and audits including (1) communication with WECC regarding any issues or concerns; (2) submitting the required documentation; and (3) coordinating with the County in a timely manner. The

County shall provide the appropriate documentation to support NNSA within the required timeframes as communicated by NNSA.

~~If a penalty is assessed by WECC for non-compliance, then each party whose action or lack of action is responsible for the penalty shall be solely responsible for the penalty including fines and those fines shall not be included as a pool expense.~~

Peak Reliability (Peak) serves as the Reliability Coordinator, as defined by the North American Electric Reliability Corporation, and as delegated by the Western Electricity Coordinating Council (WECC), for the Western Interconnection. The NNSA signed the Peak Reliability Coordinator Funding Agreement in July 2015. As a registered TOP/TQP, NNSAL must pay for Peak's services in accordance with the Funding Agreement. The monthly payment for the reliability coordination service will be included as a pool expense.

(2) Article XVII -Carbon Free Power Project (CFPP)

The Los Alamos Power Pool Operating Committee approved a not to exceed budget of \$145,540 to be used for Phase 1, the fatal flaw analysis for the Carbon Free Power Project at the preferred site in Idaho to evaluate the potential for this future resource to serve the Los Alamos Power Pool. The fatal flaw analysis will be used to determine the viability of a CFPP project as a future pool asset. The analysis evaluates the region of interest, land use agreement for the preferred site ~~at the in~~ Idaho, development of water acquisition strategy, and UAMPS-NuScale cost share agreement.

The parties agree that costs associated with the initial Fatal Flaw Analysis is in accordance with Exhibit C Miscellaneous Costs of Mutual Benefit, cost associated with studies and meetings with the planning for resources and facilities, the parties agree these costs will be allocated 50 percent demand and 50 percent energy.

Further participation in the project as defined in the UAMPS CFPP Power Sales Contract for the Development period will covered by a separate agreement or modification of the ECA.

(3) Article XVIII – Future Resources

The Electrical Coordination Agreement expires on June 30, 2025. There is a mutual interest between both parties to continue a relationship beyond 2025, ~~and~~ It is acknowledged that the relationship structure may change from the current ECA.

The parties recognized the need for each party to explore, investigate, or evaluate other power resources or assets that can be pursued as either as a joint or separate projects. This may include but not limited to power production facilities or long term power purchase agreements. The project(s) will be presented to the Operating Committee to vote on how to pursue the project (joint or individual). If either party decides not to participate in the ~~project~~project, then the responsible party will be liable for all costs associated with the project if they decide to continue and not be included as a pool expense. If

the Committee decides on a joint project, then cost will be shared per Exhibit C Miscellaneous Costs and includable as a pool expense.

The parties agree that either of parties are not prohibited from exploring, investigating, or evaluating future resources or assets and will do so at their own expense unless both parties agree there is a mutual benefit and to share the cost. Both parties will keep each other informed of their efforts.

The parties recognizes that Operating Procedure D1, *Planning Studies*, provides for the Operating Committee to commission studies to assess potential resource additions to meet future load and reliability requirements. Exhibit C *Miscellaneous Costs of Mutual Benefit* outlines how the costs associated with these studies will be captured. In accordance with Exhibit C, the parties agree these costs will be allocated 50 percent demand and 50 percent energy

All costs including budget amendments or adjustments are to be submitted to the County Authority and the Contracting Officer for their review and approval.

(4) Revise Attachment A Exhibit A, Schedule 3, Rev. 2 DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Attachment A, Exhibit A, Schedule 3, Rev. 2 is revised to include additional resources associated with the STA and WTA. Modification 17 recognizes the STA-WTA link but Attachment A was not updated. The attachment is revised and incorporated as Attachment A, Exhibit A, Schedule 3, Rev. 3 DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

(5) Insert Attachment A Exhibit B, Schedule 4.1 Rev. 0

Attachment A Exhibit B, Schedule 4.1 Rev. 0 is incorporated to recognize the Los Alamos County's transmission/distribution asset as an approved resource.

(6) Remove Attachment A, Exhibit A, Schedule 1.1, TA-3 Generating Plant Units 1, 2, and 3

Attachment A, Exhibit A, Schedule 1.1 TA-3 Generating Plant Units 1, 2, and 3 is removed as an approved resource. The asset is no longer in service.

DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description

The DOE Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) ETA Switching Station and related facilities
- (b) STA Switching Station and related facilities
- (c) WTA Switching Station and related facilities
- (d) 115 kV Transmission ETA to TA-3, ETA to TA-53, TA-53 to TA-3, STA to WTA, and WTA to TA-3
- (e) 115 kV Transmission ETA to PNM system point of connection
- (f) TA-3 Transformation and related facilities
- (g) Capacitor Banks and related facilities
- (h) Synchronous Optical Network (SONET Ring)
- (i) Primary Control Room and the Personal Access Control System

Monthly Fixed Charge

~~In order to more accurately reflect the current fixed asset valuation and amortization the~~ The parties agree that ~~the a~~ monthly fixed charge associated with the NNSA 115 KV Transmission and Substation Facilities ~~for each budget year will be based upon is based upon amortization of the remaining~~ the net book asset value ~~over the remaining estimated asset life~~ as of June 30 of the preceding contract year. ~~Estimated asset lives will be established when assets are placed in service based on standard asset lives adopted for assets of a similar nature, industry or trade standards, or other methodology agreed to by the parties upon project approval. July 1, 1985, and subsequent additions. Any assets expensed directly or fully amortized will be excluded from this fixed charge amount.~~ The monthly charge will be included as part of NNSA's annual budget. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charges

~~In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.~~

Operating and Maintenance Expenses

DRAFT dated ~~March 14~~June 1, 2017

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein.

DRAFT

County 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description

The County Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) SCADA System
- (b) Backup Control Room

Monthly Fixed Charge

In order to more accurately reflect the current fixed asset valuation and amortization the parties agree that a monthly fixed charge associated with the County 115 KV Transmission facilities for each budget year will be based upon amortization of the remaining net asset value over the remaining estimated asset life as of June 30 of the preceding contract year. Estimated asset lives will be established when assets are placed in service based on standard asset lives adopted for assets of a similar nature, industry or trade standards, or other methodology agreed to by the parties upon project approval. Any assets expensed directly or fully amortized will be excluded from this fixed charge amount. The monthly charge will be included as part of NNSA's annual budget. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charges

In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein.