

Council Meeting Staff Report

January 31, 2017

Agenda No.:	E.
Indexes (Council Goals):	2016 Council Goal – Quality Governance – Operational Excellence – Maintain Quality Essential Services and Supporting Infrastructure
Presenters:	Steve Cummins
Legislative File:	9025-17

Title

Approval of Amended and Restated Southwest Reserve Sharing Group (SRSG) Participation Agreement

Recommended Action

I move that Council approve the Amended and Restated Southwest Reserve Sharing Group (SRSG) Participation Agreement as presented.

Utilities Manager Recommendation

The Utilities Manager recommends that Council approve the motion as presented.

Board, Commission or Committee Recommendation

The Board of Public Utilities recommends that Council approve the motion as presented.

Body

The South West Reserve Sharing Group (SRSG) is a group of energy providers and Utilities who work together to meet certain requirements of the North American Electric Reliability Corporation (NERC). The specific requirement is for contingency reserves which is generation capacity held in reserve to cover an unexpected loss of generation or a transmission constraint.

As an electric power producer and provider for the Los Alamos County service area we are required to meet the compliance standards of NERC. Los Alamos County joined SRSG in 1998 to reduce our contingency reserve requirements by sharing contingency reserves with the other participants resulting in a more efficient use of our generation resources. Sharing reserves with 14 utilities in the Southwest decreases the member's cost of compliance and results in increased electric reliability for the Western Interconnection. SRSG administers the requirements of NERC compliance through the participation agreement.

When there is an emergency event our real time operators located at the primary control center at TA -3 are notified of the emergency and are required to deliver the County's share of contingency reserves for a period of one hour until the member declaring the emergency can mitigate the issue whether replacing the lost generation through market purchases or by finding an alternate transmission path depending on the emergency.

NERC modified the standard "Contingency Reserve for Recovery from a Balancing Contingency Event" known as Standard BAL-002-2 in September of 2015. The new standard changed the calculation for determining the amount of contingency reserves required. The calculation is based on a percentage of the utilities load and generation.

These changes required an amendment to the participation agreement. The participants of SRSG took this opportunity to not only change the calculation as required by NERC but also to update miscellaneous provisions of the agreement as recommended and agreed to by the participants.

Alternatives

Purchase these ancillary services from the appropriate balancing authority at a higher cost to the operation. The County generation resources are primarily within the Public Service Company of New Mexico (PNM) balancing area. The Laramie River Station is located in the Western Area Lower Colorado balancing area.

Fiscal and Staff Impact

Participation in SRSG is included in the annual budget. Compliance with the new regulation will not have a significant impact to the operation. Contract administration is part of staff regular duties.

Attachments

A - Amended and Restated Southwest Reserve Sharing Group Participation Agreement