

Council Meeting Staff Report

June 27, 2017

Agenda No.:	G.
Indexes (Council Goals):	2018 Council Goal – Quality Governance – Operational Excellence – Maintain Quality Essential Services and Supporting Infrastructure Including Updated Enterprise Software and Permitting
Presenters:	Bob Westervelt
Legislative File:	9472-17

Title

Approval of Department of Energy (DOE) - Los Alamos County (LAC) Resource Pool Budget for Fiscal Years 2018/2019

Recommended Action

I move that Council approve the 2018-2019 Resource Pool budget as presented.

Utilities Manager's Recommendation

The Utilities Manager recommends approval of this 2018-2019 Resource Pool Budget.

Board, Commission or Committee Recommendation

The Board of Public Utilities recommends approval of this 2018-2019 Resource Pool Budget.

Body

The Electric Energy and Power Coordination Agreement (ECA) between the County of Los Alamos and the Department of Energy requires that a 24-month budget be approved each year. The budget process begins with both parties preparing a load projection by month for the budget period. From these load projections the Power Supply division prepares a Resource Supply Projection that matches the available resources to the projected loads, and also estimates the variable costs for both our owned resources and for purchased power. Finally, costs for projected generation, purchases, and transmission are allocated based on the terms of the ECA. This is normally accomplished in April or May of the preceding year.

This budget projects total costs per MWh of \$49.29 and \$50.70 for fiscal years 2018 and 2019, respectively. Actual costs for fiscal year 2017 through April were \$48.49 per MWh compared to a budgeted cost of \$49.97 per MWh.

The ten-year historical average cost per MWh for the fiscal years 2007 through 2016 were \$68.24. Beginning in FY2017 we are seeing the benefit of the lower coal price and a lower capital budget at San Juan, and retirement of the debt at Laramie River Station (LRS), which was passed through to the Pool through LRS direct charges. Note, the last round of environmental upgrades anticipated for San Juan were completed in FY16 with the Selective Non-Catalytic Reduction (SNCR) project. Similar upgrades at Laramie River are included in the budget presented here.

Costs to the participants vary due to each party's load factors. The projected costs to the County per MWh are \$50.59 and \$51.60 for fiscal years 2018 and 2019, respectively.

This 24 month budget was approved by the Operating Committee on June 1, 2017.

Alternatives

If this budget is not approved by the Board and Council we will have to continue under the last approved budget while we continue to negotiate a budget. Certain costs are billed to the participants as budgeted (fixed charges associated with the various resources) and reconciled in the next budget

cycle. Delay in approving a budget will result in adjustments being needed to reconcile actual billings with the budget after the fact when the budget is approved.

Fiscal and Staff Impact/Planned Item

None. DPU's expenditure authority for purchase power costs is incorporated into the budget approved by the Utilities Board and County Council during the normal budget cycle. Approval of this Resource Pool budget is a contractual requirement of the ECA. The Resource Pool budget may differ somewhat from the purchase power expenditure authority requested by DPU during the normal County budget cycle due to timing differences in the budget cycles.

Attachments

- A - Resource Pool 24-month Budget Package
- B - Loads and Resources worksheet fiscal year 2018
- C - Loads and Resources worksheet fiscal year 2019