

Council Meeting Staff Report

April 18, 2018

Agenda No.:	6.C
Indexes (Council Goals):	BCC - N/A
Presenters:	Bob Westervelt
Legislative File:	10342-18

Title

Approval of Revision to Modification 20 to the Electric Energy and Power Coordination Agreement (ECA) Between the Incorporated County of Los Alamos and the United States Department of Energy (DOE).

Recommended Action

I move that the Board of Public Utilities approve this Modification 20 to the Electric Coordination Agreement as presented and forward to Council with a recommendation for approval.

Staff Recommendation

Staff recommends approval as presented.

Body

MOD 20 to the Electric Coordination Agreement (ECA) between Los Alamos County and The Department of Energy was initially drafted and approved by the Operating Committee, the BPU, and the County Council, in June and July of 2017. When submitted to the NNSA Contracting Officer, she elected to delete one clause from the approved agreement, necessitating that the revised agreement be re-approved by the Operating Committee, BPU, and Council.

The change by the CO was to entirely remove proposed Article XVIII dealing with consideration of future resources. While the proposed language was useful for clarity, it in fact simply articulated in the contract what is essentially current and historical operational practice anyway, so is not crucial to moving forward. The summary of that language from the July 2017 staff report is shown in "strikethrough" below. The revised MOD was approved via E-Mail vote by the Operating Committee on April 3, 2018.

A summary of the proposed MOD from the July 2017 Agenda Item follows.

The Power Pool was established through the Electric Coordination Agreement (ECA) between Los Alamos County and The Department of Energy in 1985. (Note: In 2002 the National Nuclear Security Administration was established as a branch of the Department of Energy and took over responsibility for the ECA. The acronyms NNSA, DOE, and LANL may be used interchangeably throughout this discussion and the MOD document). Through the contract, both parties contribute the power from and costs of each of the respective "Pool Approved Resources" into the Pool, and those costs are then allocated back to the parties pro rata according to each party's usage. The contract has been renewed continuously since 1985. Historically the County has contributed approximately 75% of the resources, while LANL has accounted for approximately 80% of the load.

The attached MOD20 to the Electric Coordination Agreement was initially approved by the Operating Committee on ~~June 1, 2017~~ April 3, 2018. The changes were minor, mainly clarifying responsibilities for Critical Infrastructure Protection (CIP v5) and Western Electricity Coordinating Council (WECC) compliance, removal of the TA-3 Cogeneration Facility, which has been out of service for some time,

as an approved resource, and correcting language related to fixed asset charges to reflect actual practice. The agreed status and cost share of NNSA's initial participation in the Carbon Free Power Project through the Power Pool and the treatment of exploration of future resources are also included. ~~primarily as a bridge to future negotiations for a MOD 21 where these matters will be refined more in the context of a post 2025 ECA.~~ No changes to cost share, asset mix, or contract term are included in this modification.

Alternatives

The Board could elect not to accept the proposed MOD20, in which case the parties would have to continue negotiations to address these matters.

Fiscal and Staff Impact

There is no immediate staff or fiscal impact. The proposed clauses proposed are intended to add clarity as to the matters covered.

Attachments

A - MOD 20 as approved by the CO