



County of Los Alamos

Council Meeting Staff Report September 29, 2020

Agenda No.: J.

Indexes (Council Goals): * 2020 Council Goal - N/A

Presenters: Steve Cummins

Legislative File: 13382-20

Title

Consideration of Addition of Regular FTE to the Utilities Department and Budget Revision 2021-14

Recommended Action

I move that Council add 1 Regular FTE to the Utilities Department. I further move that Council approve Budget Revision 2021-14 as summarized on attachment A and that the attachment be made a part of the minutes of this meeting.

Utilities Manager Recommendation

The Utilities Manager recommends that Council approve the budget revision as requested.

Board, Commission or Committee Recommendation

The Board of Public Utilities recommends that Council approve the budget revision as requested. **Body**

The Los Alamos County Department of Public Utilities (LAC) and Los Alamos National Laboratory (LANL) are directly affected by the Public Service Company of New Mexico (PNM) joining the California Independent System Operators (CAISO) Energy Imbalance Market (EIM) as a result of our load falling in PNM's Balancing Area.

What is the EIM?- "The Western Energy Imbalance Market (EIM) was launched by the California ISO in 2014 in partnership with PacifiCorp, to leverage geographic and resource diversity across the western states. The real-time wholesale electricity market has generated gross economic benefits to participants totaling more than \$1 billion; enhanced regional efficiency of energy dispatch; supported the reduction of carbon emissions; and given system operators valuable, real-time visibility across the western grid." https://www.westerneim.com/Documents/WesternEIMFactSheet.pdf https://www.westerneim.com/Pages/About/HowItWorks.aspx

LAC contracted with Utilicast to perform a gap assessment which compares the current state of LAC's resources, processes and technology (systems and infrastructure) with what would be necessary to operate in the EIM.

Attached is Utilicast completed Gap Assessment. This contract was supported by the Power Pool and was managed by Electric Production staff and two representatives from DOE-LANL. On September 8, 2020 this information along with alternatives was presented to operating committee members for the Electric Coordination Agreement to decide the best course of action with regards to joining the EIM. The Operating Committee approved the recommendation as presented as a pool expense.

These additional resources will be shared by the Power Pool (LAC, LANL) and Sandia National Laboratory and Kirtland Airforce Base through our Scheduling Agent Services Agreement. The additional costs are shared approximately 40% to Sandia National Laboratory and Kirtland Air Force Base with the 60% remaining to the Los Alamos Power Pool. The 60% for the Power Pool is then split approximately 80/20 between LANL and LAC. LAC share is an additional \$32,637 for fiscal year 2021.

The budget revision is to increase is to support the addition of one Full Time Employee, purchase of software to manage the EIM transactions and a one-time cost for consulting service to help with the transition to the EIM.

The revision also increases DOE wholesale sales revenue for Electric Production since LANL and Sandia Kirtland will pay their pro-rata share of any increased costs, and increases transfers in for EP and transfers out for ED for the LAC portion of the cost.

..Alternatives

- 1. Staff could protest the filing of the new Open Access Transmission Tariff (OATT) Filing with FERC. The chance of success is remote, as FERC favors organized markets and the OATT is modeled after an already approved Commission filing from Idaho. Staff has asked for a legal review to ensure there are not material deviations from Idaho's approved filing. The differences found were negligible.
- 2. Staff could potentially hire an outside consultant in place of adding an additional full time employee (FTE) to support our staff with the increased work load at an estimated cost of \$250,000 per year. (This alternative is not recommended by the Power Pool since it cost more than hiring an employee at an estimated cost of \$115,482/year.)

..Fiscal and Staff Impact

The net fiscal impact to the Joint Utilities Fund is increase revenue by \$205,647, decrease fund balance by \$32,637 and an increase to expenditures by \$238,284.

Staff will be very busy as we proceed with the implementation from November through March 2021 in hiring and training this new staff person, procuring services and new software prior to when PNM go's live. If this item is approved, then an update job description will need Council's approval in October prior to advertising for this new position. We expect in the last quarter of FY2021 staff will settle into the new work flows.

..Attachments

- A Presentation of EIM Gap Assessment Recommendations
- B LAC EIM GAP Assessment Report
- C Budget Revision 2021-14