2026 Electric Coordination Agreement

Department of Public Utilities

Electric Production Division

July 22, 2026

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Attachment A

Purpose of Presentation

- Describe the ECA and its goals
- Explain the Electric Coordination Agreement (ECA) structure
- Overview of how costs and payments are handled
- Termination of the Contract
- Staff Recommendation, Summary and Next Steps

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Attachment A

What is the ECA?

- The Electric Coordination Agreement (ECA) is a collaborative agreement established in 1985 between the Department of Energy (DOE) and Los Alamos County
- DOE/NNSA is authorized pursuant to the Department of Energy Organization Act (Public Law 95-91) and other applicable law, including the Atomic Energy Act of 1954, as amended, to provide or otherwise arrange for utility facilities and services
- Parties: the Incorporated County of Los Alamos ("County") and the U.S. Department of Energy/National Nuclear Security Administration ("NNSA") at Los Alamos National Laboratory ("LANL")
- ECA is for the County to sell electric utility services to NNSA after the expiration of the current Electric Coordination Agreement ("1985 ECA") which expired on June 30, 2025 (and continues with extensions)

ECA Goals

- The Los Alamos National Laboratory (LANL) and County electric utility systems are tightly coupled, with shared infrastructure and generation resources that don't fit the typical "Utility" and "Utility Customer" structure
- The ECA is the contract that allows both parties to combine and efficiently manage their power generation and transmission resources
- The goal is to achieve economic dispatch and enhance the reliability of the electric supply (economic dispatch is the process of minimizing the total operational cost of power generation while considering power balance and unit generation limits)
- With the coming end of the 1985 ECA, the 2026 ECA is ready to take its place

2026 ECA Contract Structure

- Fixed Price contract with a Cost Sharing arrangement – combines a fixed price for utilities with a cost-sharing component that details how DOE and County each bear a portion of the total costs
- Cost risks of future unknowns are mitigated by the Changes Clause under which adjustments are made through a bilateral modification formally amending the contract
- Administrative modifications can be made for changes that do not impact the contract's fixed price, cost-sharing obligations, scope of work, or fundamental rights of the DOE and County
- The 2026 ECA is for 10 years with an additional 10-year option
- $424 million total contract value for the first 10 years

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2026 ECA Sections

- Contract 89233126CNA000436 Terms and Conditions
- ECA Performance Work Statement
- ECA Operating Procedures
- LANL Exhibit G Physical Security Lab-wide

Terms and Conditions

- This is a Standard Form 26 for Contract Award
  - Section A - Solicitation/Contract Form
  - Section B - Supplies or Services/Prices
  - Section C - Description/Specifications
  - Section D - Packaging and Marking
  - Section E - Inspection and Acceptance
  - Section F - Deliveries or Performance
  - Section G - Contract Administration Data
  - Section H - Special Contract Requirements
  - Section I - Contract Clauses
  - Section J - List of Documents, Exhibits and Other Attachments

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Performance Work Statement

- The performance work statement (PWS) is the statement of work for this contract that describes the supplies or services to be provided, their costs, cost accounting methods and more
  - B.1 Accounting for Resource Costs
  - B.2 Miscellaneous Costs
  - B.3 Allocation of Resource Costs
  - B.4 Classification of Expenditures
  - B.5 Net Cost Responsibility and Payment
  - B.6 Renewable Energy Certificates and Other Attributes
  - C.1 Statement of Services
  - D-F Not Applicable
  - G.1 Contract Administration
  - H.1 Real Property Access
  - H.2 Western Electricity Coordinating Council Compliance
  - H.3 Cooperation of the Parties
  - Attachment 1 Exhibits
    - Exhibit 1: DOE/NNSA Approved Resources and SPARs
    - Exhibit 2: County Approved Resources
    - Exhibit 3: Miscellaneous Costs of Mutual Benefit
    - Exhibit 4: Method for the Cost Determination of DOE Distribution Facilities
    - Exhibit 5: San Juan Generating Station and Mine Reclamation

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Operating Procedures

- This section describes how the day-to-day planning, resource scheduling, and other operational tasks are performed
  - Section A Administrative Procedures
    - A1 Operating Committee
    - A2 Manager of Operations and Other Approved Pool Personnel
    - A3 Operating Procedure Changes
    - A4 Retention of Operating Reports and Records
  - Section B Budget and Accounting Procedures
    - B1 Capital Budget
    - B2 Operating Budget
    - B3 Billing and Payment
    - B4 Adjustments for Prior Period Invoiced Corrections
    - B5 Timing of Expenditures
    - B6 Pool Operations Accounts
    - B7 Special Purpose Approved Resources
    - B8 Customer Related Costs

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Operating Procedures cont.

- Section C Operations Procedures
  - C1 Annual Operating Plan for Approved Resources
  - C2 Operating Schedules and Reports
  - C3 Operating Reserves
  - C4 Transmission Facility Records and Operational Data
  - C5 Transmission System Operation and Maintenance
  - C6 Coordination of Relays and Protective Equipment
  - C7 Metering
  - C8 Communication Equipment
  - C9 Planned Maintenance Outages of Pool Resources and Service Interruption
  - C10 System Operation and Load Shedding
  - C11 Electric SCADA Maintenance and Security Coordination
  - C12 SNL/KAFB Scheduling Agent Services
  - C13 Load Serving Entity Functions by County for NNSA
- Section D Planning Procedures
  - D1 Planning Studies
  - D2 Participation in Electrical Industry Organizations

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Reporting Requirements Checklist and LANL Exhibit G Physical Security

- The Reporting Requirements Checklist is a required form that DOE/NNSA must prepare in association with the ECA
  - Responsible party is DOE/NNSA
- The LANL Exhibit G Physical Security document defines the DOE/NNSA's comprehensive physical, personnel, cyber, and information security requirements for subcontractors performing work for Los Alamos National Laboratory (LANL)
  - Responsible party is the County - fully responsible for following all security rules in Exhibit G

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Resource Costs and Payments

- Portion of the costs are fixed (certain investments in owned resources) and others are variable (transmission, etc.)
- The County trues up costs monthly in arrears
- The County and NNSA contract is focused on a rate that is set based on actual costs of the parties

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Key Terms

- ***Approved Resources*** means the electric utility resources contributed by each party pursuant to this contract and utilized by the Operating Committee pursuant to the Approved Operating Procedures.
- ***Resource Accounting Pool*** means that accounting method wherein costs of the consolidated County and DOE/NNSA Los Alamos Power Pool operations are recorded and apportioned between the parties pursuant to this contract.
- ***Resource Planning Horizon*** means a rolling five-year period following the current Pool Fiscal Year for capacity and energy planning.
- ***Short-Term Capacity Resources*** means the portion of Approved Resources beyond those resources defined as Long-Term Capacity Resources that may be operationally available from time to time. The Short-Term Capacity Resources include variable amounts that may be available on a month-by-month basis as well as amounts of purchased power from third party suppliers on a short-term contractual basis of 12 months or less. Short-Term Capacity Resources generally will be utilized to meet specific short-term operational needs.
- ***Special Purpose Approved Resources*** (SPAR) means the electric utility facilities and power contracts that have been incorporated into the ECA primarily to meet the special needs of one of the parties and utilized by the Operating Committee pursuant to the Operating Procedures.

Note: this presentation is only a general summary of the contract. The details and obligations of the parties are in the contract.

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Attachment A

Pooling of Resources Sets the Rates

- Pooling of Approved Resources (Attachment A)
- The County and DOE/NNSA agree to give notice to one another of meetings or proceedings with third parties involving matters that could significantly alter established Resource Accounting Pool cost responsibilities
- The Operating Committee will develop and periodically review such priority plans to assure resources are allocated to give priority to human needs, health, safety, and security needs
- Continuity of Service – subject to Excusable Delay

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Resource Costs and Payments

The parties agree to assign all relevant costs to the Los Alamos Power Pool in accordance with appropriate accounting principles and cost mentioned above under (b)(1). However, if actual energy costs are lower than the around-the-clock day-ahead Palo Verde index price plus $2.00 for net energy delivered through the transmission network from each County owned generating resource or approved long-term power purchase agreement included herein for the month, then the parties agree to split the difference based on the formula below:

Formula: If COR < PVI + 2, then ([(PVI + 2) minus COR] divided by 2) = Difference applied to DOE

Definitions: *PVI* = Palo Verde Index *COR* = County Owned Resources Total Energy Cost /MWH from the Component Cost Summary

Qualifying resources for this accounting treatment are resources that LAC has a long-term stake in and liabilities that either extend or are not in line with the contracting period. Examples of qualifying resources are set forth in Exhibit 2, *County Approved Resources.*

If actual energy costs are higher than the around-the-clock day-ahead Palo Verde index price plus $2.00 on a weighted average basis for the month, then the parties agree that no further adjustment will be applied as current accounting methods will split the total energy costs on a pro rata basis according to actual energy used. Transmission, capacity, or demand costs will be allocated to the parties based on each party's contribution to the coincidental peak for the month.

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Miscellaneous Costs

- Set forth in Exhibit 3. Except as provided herein, all costs associated with personnel, procurement, management, and administration that are not directly related to the combined operation of Approved Resources shall be borne separately by each party. Additions, deletions, or changes of miscellaneous costs to the Resource Accounting Pool may be made upon agreement of the Contracting Officer and County Authority by exchange of correspondence without formal modification of this contract.
- Each party shall bear all costs associated with its respective 115/13 kilovolt (kV) transformation and 13 kV distribution facilities. At several locations, however, it is advantageous to connect load to the distribution network of the other party, and thereby avoid an unnecessary duplication of facilities. Operating Procedure B8 Customer Related Costs, provides the facilities charge for monthly cost of service responsibility associated with the County's use of DOE/NNSA's distribution facilities. Such costs are to be accounted for as part of the Resource Accounting Pool.

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Termination of the Contract

- The ECA includes a contract ceiling that takes into account the existing contracts.
- The contract ceiling sets an expected amount of the funding required for the contract for the full term (as if the contract is renewed for the additional 10 years).
- If the contract is terminated, NNSA will pay the incurred amounts by the County (the termination for convenience process).

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New Approved Resources

- The ECA provides a method for adding new Approved Resources which are generation or other assets that are included in the Resource Costs
- New DOE/NNSA transmission lines and the County's future East Gate Substation are already listed in the ECA, but not as Approved Resources. They may become Approved Resources upon mutual agreement by the parties

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Staff Recommendations

- The Utilities Manager recommends that Board approve the motion as presented.

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Summary

- The 2026 ECA recognizes the long-term nature of the County and DOE/NNSA needs and enables a continued electric operations partnership
- It improves on the unique framework refined over the past 40 years
- The 2026 ECA includes a clause requiring the Federal Agency to pay for the additional cost if the electric service contract is terminated prior to the term of the payment of the project, including termination costs

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Next Steps

Forward to Council for approval

Sign the 2026 ECA

Transition power supply operations to the 2026 ECA starting August 1, 2026

Close out the 1985 ECA

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Thank you! Questions?

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Attachment A