



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Cornell Wright, Chair; Steve Tobin, Vice-chair;
Stephen McLin, Eric Stromberg, and Charles Nakhleh, Members
Philo Shelton, Ex Officio Member
Steven Lynne, Ex Officio Member
Denise Derkacs, Council Liaison*

Wednesday, January 11, 2023

5:30 PM

Zoom ~

<https://us06web.zoom.us/j/83047175464>

Physical Location Changed to Room 110
(Boards & Commissions, Municipal Building)

SPECIAL MEETING

1. CALL TO ORDER

This special meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, January 11, 2023. at 1000 Central Avenue, Boards & Commissions Conference Room #110. Chair Wright called the meeting to order at 5:30 p.m. Members of the public were notified of the ability to attend and provide public comment either in person or over Zoom. The following members were in attendance:

Present 6 - Tobin, McLin, Nakhleh, Shelton, Lynne and Wright

Remote 1 - Stromberg

1.A. ANNOUNCEMENTS

Chair Wright made the following announcements:

- 1). He introduced Council Vice Chair Theresa Cull who will serve as the Council Liaison to the BPU.
- 2). Mr. Kevin Powers accepted another position and is no longer with the County. Board Members should contact Mr. Alvin Leaphart, County Attorney with any BPU or DPU related questions.
- 3). The scheduled presentation is an overview of the current state if the CFPP and no action would be taken during the meeting.
- 4). There is a Special BPU Meeting scheduled for January 26th - an Energy Town Hall and all citizens are welcome to attend.

2. PUBLIC COMMENT

Chair Wright opened the floor for public comment on items on the agenda and for those not otherwise included on the agenda. The following citizens spoke, and their detailed remarks are available on the meeting recordings:

- 1). Mr. Mike Dempsey (Zoom)

Chair Wright then stated that after the presentations, board members would first be given an opportunity to ask technical and clarifying questions. The public would then have an

opportunity to comment.

3. PRESENTATION

16272-23

Carbon Free Power Project Presentation by Mason Baker, UAMPS CEO & General Manager, Shawn Hughes, CFPP Project Director, and Bob Coward, Lead Owner's Engineer.

Mr. Shelton introduced Dr. Shawn Hughes, Project Director of CFPP, LLC. Dr. Hughes has more than 40 years of domestic and international experience in the nuclear project management, engineering, construction, and D&D fields. As the CFPP LLC project director, Dr. Hughes is responsible for all aspects of project development, including interfaces with NuScale Power and Fluor on Engineering, Procurement and Construction and Combined Operating License application approval, resolution of remaining technical issues with support from owner's engineers, development and implementation of an operating strategy, compliance with Department of Energy funding requirements, and conformance with cost model thresholds to assure project viability among the numerous power off take subscribers.. He presented first. A copy of his presentation is **attached** to these minutes. Dr. Hughes responded to board member inquires and provided clarifying information as appropriate.

Dr. Hughes responded to board member inquiries and provided clarifying information as appropriate. Chair Wright then called for public comment. There was none.

Mr. Shelton then introduced Mr. Mason Baker, UAMPS CEO and CFPP Principal Investigator. He then introduced Mr. Robert Coward, Principal Investigator of MPR who provided a short presentation covering the revised ECT, amended DCRA and BPF. A copy of the presentation was included in the meeting packet and a summary follows.

At the end of 2022 NuScale delivered the class 3 project cost estimate to UAMPS and the CFPP project and delivered the Standard Design Application (SDA) for the 6-module plant configuration with a total capacity of 462MW. These are very significant milestones which have led to the completion of the following activities:

1. Evaluating the cost estimate by UAMPS and its owner's engineers
2. Updating the CFPP financial model with the cost estimate data
3. Running the Economic Competitive Test (ECT)
4. Amending the Development Cost Reimbursement Agreement (DCRA)
5. Revising the Budget and Plan of Finance (BPF)

This revised BPF provides another contractual off-ramp for Los Alamos County to decide in February 2023 whether to continue participating in the CFPP. The next contractual off-ramp will be during the Combined Operating and Licensing Application (COLA) submittal decision, scheduled for December 2023.

Background Information about the CFPP:

The CFPP design configuration that will be part of the Phase I Combined Operating and Licensing Application (COLA) submittal is the 6-module plant with a total capacity of 462MW. When the Board of Public Utilities and County Council voted in July 2021 to continue participating in the CFPP, the plant had a target levelized cost of electricity of \$58/MWh in 2020 dollars. It was hoped that the 462MW plant configuration would allow for the project to get fully subscribed sooner and reduce UAMPS' subscription risk. The

next contractual off-ramp for the participants was planned at the Class 3 Project Cost Estimate, at the time planned to occur in September 2022, now planned for February 2023.

In July 2021 DPU recommended to Board and Council that we continue to participate in the CFPP at the same level of investment approved the previous year by Board and Council at \$1.26 Million for the Phase I COLA submittal. Given LAC's current level of investment, LAC's share of the CFPP is 1.8 MW, subject to change as total subscription changes.

LAC initially requested 8 MW in the CFPP when this project began based on our current asset mix, forecasted load and the goal to be carbon neutral electrical energy provider by 2040. This level of subscription was studied in the 2017 Integrated Resource Plan at \$65/MWh that resulted in a 3% higher cost over the 20-year planning period. At \$58/MWh, the 2021 IRP update also determined that the CFPP is a feasible option when compared to alternatives.

In 2021, DPU staff expected that severe drought conditions affecting hydroelectric facilities across the west would continue, threats of wildfire and extreme weather patterns would increase, and constraints on the electric grid would increase as traditional dispatchable base load resources were replaced with renewable "intermittent" resources, causing extreme volatility in the electric markets and higher prices. We had already experienced an August 2020 heat wave which caused market prices to reach \$1,650 per megawatt hour costing the power pool approximately \$1.4 million dollars over a 10-day period. At the time historical average market prices were \$45/ MWh. In June of 2021 another heat wave had market prices at \$1,750 per MWh costing the power pool an additional \$800k over a 1-day period. Staff's expectation of continued high prices was correct. In the summer of 2022 market power purchases were in the range of \$450/MWh for several weeks. Given the continued retirement of coal-fired power plants, including the County's largest single generation resource, the San Juan Generating Station, and ongoing disruptions to the PV panel supply, DPU staff do not anticipate seeing any relief from high prices in the coming year.

DPU is committed to considering all viable resources that can supply Los Alamos County with a carbon neutral, reliable and diversified generation portfolio. While the projected CFPP cost increases with material and interest rate hikes, so have the cost of other new generation resources. Over the next month, the County has three options to consider; choose to increase subscription, to reduce subscription or exit the project and pursue other carbon free dispatchable resources. Fiscal impact can be calculated based on desired level of participation at the \$89/MWHR in 2022 dollars. For Federal Fiscal Year 2023, there was \$165 million appropriated for the DOE match funding at 79% of project costs and this level of funding will fund the project to the COLA submittal milestone. There is no staff impact since resource planning is part of our regular duties.

The Department of Public Utilities plans to hold an Energy Town Hall on January 26 to engage with the community on future electric generation resources including CFPP.

Mr. Coward and Mr. Garcia responded to board member inquiries and provided clarifying information as appropriate. Chair Wright then called for public comment. The following citizens spoke, and their detailed remarks are available on the meeting recordings:

- 1). Mr. Robert Gibson (in-person)
- 2). Mr. Mike Steinzig (in-person)
- 3). Mr. Mike Dempsey (Zoom)
- 4). Mr. Grant Steward (Zoom)

Ms. D'Anna also read two comments that were submitted via Zoom Q&A. The detailed remarks are available on the meeting recordings:

- 1). Charsley Maggie
- 2). Anonymous Participant

4. PUBLIC COMMENT

Chair Wright opened the floor for public comment on any items. There was none.

PUBLIC PARTICIPANTS (IN-PERSON)

- 1). Robert Gibson
- 2). Barbara F. Smith
- 3). Norma Schroeder
- 4). Suzie Havemann
- 5). Mike Osborn
- 6). Donna Osborn
- 7). Rick Reiss
- 8). Mike Steinzig

PUBLIC PARTICIPANTS (as entered in ZOOM)

- 1). Grant Stewart
- 2). Mike Dempsey
- 3). Armand Groffman
- 4). Cassandra
- 5). Charsley Maggie
- 6). citizen
- 7). Daniel Leonard
- 8). Denise Derkacs
- 9). Donivan Porterfield
- 10). George Chandler
- 11). Glenn Neises
- 12). Guy Estes
- 13). H Court
- 14). Hal Marshall
- 15). Jan Boudart
- 16). Kathy Helms
- 17). Kevin
- 18). Mary
- 19). Mary Langworthy
- 20). Max Katz
- 21). Michael McAuliffe
- 22). Scott Williams
- 23). Tim Langworthy

5. ADJOURNMENT

The meeting adjourned at 7:14 p.m.

APPROVAL

Cornell G. Wright, Jr.

Board of Public Utilities Chair Name

Isl Cornell G. Wright, Jr.

Board of Public Utilities Chair Signature

February 15, 2023

Date Approved by the Board