

## Council Meeting Staff Report

July 17, 2019

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<b>Agenda No.:</b>	7.B
<b>Indexes (Council Goals):</b>	* 2019 Council Goal - Planning for Appropriate Levels of County Services
<b>Presenters:</b>	Steve Cummins
<b>Legislative File:</b>	RE0416-19

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### Title

Incorporated County of Los Alamos Resolution No. 19-18; A Resolution Authorizing and Approving an Increase in the Participant's Entitlement Share Under the Carbon Free Power Project Power Sales Contract for the Lay-off Power Sales Agreement Associated with Joint Use Module Plant Operations at the Carbon Free Power Project; and Related Matters

### Recommended Action

**I move that the Board of Public Utilities approve Incorporated County of Los Alamos Resolution No. 19-18; A Resolution Authorizing and Approving an Increase in the Participant's Entitlement Share Under the Carbon Free Power Project Power Sales Contract for the Lay-off Power Sales Agreement Associated with Joint Use Module Plant Operations at the Carbon Free Power Project; and Related Matters, and forward to Council for adoption.**

### Staff Recommendation

Staff recommends that the Board approve as presented.

### Body

This JUMP Allocation Resolution is for Los Alamos County to express their interest in their entitlement share of capacity and energy from the Joint Use Module Plant (JUMP) program after DOE has completed their research and development using the power output of the JUMP.

UAMPS and DOE expect to have the terms and conditions of the JUMP Power Sales Layoff agreement completed by October 2019. At this time the members interested in the JUMP program will have the option to rescind its election to increase their entitlement share in the CFPP.

- ☐ What is JUMP? JUMP refers to the Joint Use Modular Plant and specifically the first NuScale module at the Carbon Free Power Project (CFPP) that will be used by the Department of Energy ("DOE") for research and development ("R & D") purposes. UAMPS and DOE entered into a Memorandum of Understanding ("MOU") in December 2018 to explore potential R & D applications for the JUMP module and establishing a goal to have contracts in place between the parties by October 2019. UAMPS and DOE have been working on these objectives from the MOU since the beginning of 2019.
- ☐ What is the benefit to the CFPP as a whole? The JUMP program provides significant de-risking benefits to the CFPP, namely the first of a kind deployment risk associated with the NuScale technology. The JUMP program envisions an early procurement, fabrication, installation, and commissioning of the first NuScale module. Conducting these activities on an accelerated timeline than what is otherwise contemplated will allow the know-how developed from these activities to be implemented as lessons learned to the deployment of subsequent NuScale modules at the CFPP.
- ☐ What is the potential benefit to CFPP Participants signing up for an allocation in the

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JUMP module? It is contemplated that the DOE will pay a 100% of costs associated with deploying and operating the JUMP module as well as a proportionate share of balance of plant costs. The effect of this structure will mean that when R & D activities cease (currently contemplated to occur in 2041) as spelled out in the ultimate terms of the JUMP contracts (discussed above), the JUMP module will revert to use by those Participants signing up for a JUMP allocation at a cost that reflects ongoing operations and maintenance and moving forward decommissioning costs but not having to pay debt costs associated with the deployment of JUMP module.

- What happens if a Participant does not like the terms of the JUMP Agreements? The JUMP Resolution to be approved by Participant governing bodies expressly identifies that each Participant signing up for a JUMP allocation will have the unilateral right to fully rescind or adjust down its JUMP allocation upon reviewing the final terms and conditions of the JUMP agreement (anticipated to be finalized in October 2019). The CFPP Project Management Committee (PMC) will also review the JUMP agreements and will authorize approval if the PMC deems appropriate.

On April 10, 2018, the Board of Public Utilities and County Council approved the CFPP Power Sales Contract with UAMPS for an entitlement share of 8,000 kW (8 MW) of capacity. Based on LAC's current subscription in the CFPP, the JUMP Resolution will increase our capacity by 2,974 kW (2.974 MW). The Resolution also expresses the County's interest in the JUMP program up to 10,000 kW (10 MW) of additional capacity if available.

The ten year average generation from the Abiquiu and El Vado hydroelectric facilities, and the initial 8 MW allocation in the CFPP, is expect to generate approximately 128,000 MWh per year.

Based on our most recent load forecast, LAC electric demand will be approximately 136,000 MWh per year in 2030 and approach 150,000 MWh in 2040. These additional 3 MW of capacity will help meet our current load projections in 2040 by supplying an additional 25,000 MWh annually. Combined with the 128,000 MWh discussed above totals 153,000 MWh of energy production on an annual basis.

These load projections do not account for the electric demand associated with the electrification of automobiles.

### **Alternatives**

Do not participate in the JUMP layoff-off Power Sales Agreement. The County's subscription in the project will remain at the 8 MW entitlement share that was approved on April 10, 2018.

### **Fiscal and Staff Impact**

None at this time. When the terms and conditions of the JUMP layoff-off Power Sales Agreement are finalized and approved by the Project Management Committee, each participant will be notified in writing and have 30 days to get their governing body approvals. If the County chooses to move forward with the JUMP Power Sales Layoff Agreement, the County will be committed to the power when the plant goes into commercial operation in 2027. This does not eliminate the off-ramps at each phase of the project requiring Board and Council approvals.

### **Attachments**

A - Resolution 19-18