

Council Meeting Staff Report

June 16, 2021

Agenda No.:	7.C.
Indexes (Council Goals):	DPU FY26 - 1.0 Provide Safe and Reliable Utility Services
Presenters:	Steve Cummins
Legislative File:	AGR0745-21

Title

Approval of Services Agreement No. AGR21-41 with FTI Consulting, in the amount of \$243,743.00, with a contingency of \$24,374.00 for a total contract amount of \$268,117.00 plus Applicable Gross Receipts Tax, for the Purpose of Developing an Integrated Resource Plan and Approval of Related Budget Revision 2021-50.

Recommended Action

I move that the Board of Public Utilities approve Services Agreement No. AGR21-41 with FTI Consulting, in the amount of \$243,743.00 and a contingency in the amount of \$24,374.00, for a total of \$268,117.00, plus applicable gross receipts tax, for the purpose of Development of an Integrated Resource Plan, and forward to Council for approval.

I further move that the Board of Public Utilities approve a budget adjustment of \$287,757 to Electric Production FY2021 budget for the purposes of developing an Integrated Resource Plan and forward to Council for approval.

Staff Recommendation

Staff recommends approval of the motion as presented.

Body

The County has partnered with DOE-LANL through the Electric Coordination Agreement since 1985 to meet the electrical power needs of both parties. The term of the current agreement is through June 30, 2025. The partnership is often referred to as the Los Alamos Power Pool (LAPP). Since 1985 the LAPP has developed and maintained a Power Supply Study for planning purposes. This type of study is commonly referred to as an integrated resource plan.

An *integrated resource* plan, or IRP, is a utility plan for meeting forecasted annual peak and energy demand, plus some established reserve margin, through a combination of supply-side and demand-side resources over a specified future period. The plan will compare the Levelized Cost of Electricity (LCOE) for generation resource options while also considering utility specific goals and objectives in the planning process.

The last IRP was completed in 2017 with an additional focus on the benefits of the LAPP. Los Alamos County and Los Alamos National Laboratory believe it is beneficial to continue the ECA post 2025, potentially with a change in philosophy on generating assets. Today, LANL and the County have different goals and objective to meet their current and forecasted energy demands. Each party is considering different replacement resources, either through owning generation assets or through power purchase agreements. In addition, the County and DOE-LANL have different targets for reducing greenhouse gas (GHG) emissions, particularly carbon dioxide emissions although DOE-NNSA would like to reduce its GHG emissions in pace with the County.

The Development of an Integrated Resource Plan (IRP) will help guide near-term and long-term decisions in multiple areas as the County and DOE-NNSA LANL plan for meeting the current and future power demands of the power pool in the most environmentally sustainable fashion while also considering the cost to the County citizens and to the Laboratories operation. The IRP will evaluate a

comprehensive range of demand-side and supply-side resources over the period 2021-2041.

Currently DPU is evaluating their further participation in the Utah Association of Municipal Power Systems (UAMPS) Carbon Free Power Project (CFPP) developing a small modular reactor nuclear power plant. DPU is also looking for options to exit the Laramie River Station coal fired power plant when economically feasible per the BPU 2016 adopted strategic policy. The IRP will assist DPU staff, Board and Council in making these decisions by looking at all of the options available to the County for meeting their electric demands while considering DPU's strategic initiatives. The IRP will compare the options based on cost, stability and environmental stewardship.

DOE-NNSA is also considering approximately 8 MW of solar PV to be installed on DOE land and connected to the 13.2 kV distribution system. The IRP will assist DOE-NNSA with this decision by comparing alternative options for meeting their growing electric demand while also considering resiliency as a National Laboratory.

A draft of the IRP is scheduled to be completed by December 2021 to support a decision on the next phase of the CFPP. The Operating Committee for the Electric Coordination Agreement approved the recommendation to award this contract to FTI at the May 11, 2021 operating committee meeting. The cost will be shared base on the demand and energy split between the County and LANL, approximately 20/80.

Alternatives

If the board chooses not to approve this contract, DPU and DOE-NNSA will need to rely on other options for power generation resource planning.

Fiscal and Staff Impact

This study was estimated to cost upwards of \$275,000 for the initial study and the planned update in 2023. The IRP will require a budget adjustment in FY2021 in the amount of \$287,757 which is included in the motion. This study was approved as a pool expense and DOE-NNSA will pay for approximately 80% of the cost. This contract will authorize DPU at its discretion to have the contractor provide an update of the IRP 18 to 24 months after completion of the IRP in 2021/2022. The update will coincide with a critical decision point related to the Carbon Free Power Project using the most current information available at that time (i.e. cost of fuel, changes in environmental regulation and changes in technology options available). The development of the IRP will greatly assist staff in navigating the multitude of options available to the LAPP for meeting the electrical energy resource needs.

Attachments

A - AGR21-41 FTI Consulting

B - Budget Revision 2021-50