



# County of Los Alamos

Los Alamos, NM 87544  
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## Council Meeting Staff Report

June 28, 2022

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| <b>Agenda No.:</b>              | G.   |
| <b>Indexes (Council Goals):</b> | * 2022 Council Goal - Investing in Infrastructure, DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance |
| <b>Presenters:</b>              | Jordan Garcia  |
| <b>Legislative File:</b>        | 15795-22   |

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### Title

Approval of DOE/LAC Resource Pool Budget for Fiscal Years 2023 & 2024

### Recommended Action

**I move that County Council approve the 2023-2024 Resource Pool budget as presented.**

### Utilities Manager Recommendation

The Utilities Manager recommends approval of this 2023-2024 Resource Pool Budget as presented.

### Board, Commission or Committee Recommendation

The Board of Public Utilities recommends approval of this 2023-2024 Resource Pool Budget as presented.

### Body

The Electric Energy and Power Coordination Agreement (ECA) between the County of Los Alamos and the Department of Energy requires that a 24-month budget be approved each year. The budget process begins with both parties preparing a load projection by month for the budget period. From these load projections the Power Supply division prepares a Resource Supply Projection that matches the available resources to the projected loads and estimates the variable costs for both our owned resources and for purchased power. Finally, costs for projected generation, purchases, and transmission are allocated to the parties based on the terms of the ECA.

This budget projects total costs per MWh of \$57.07 and \$53.43 for fiscal years 2023 and 2024, respectively. Actual costs for fiscal year 2022 through April were \$63.32 per MWh compared to budgeted costs of \$53.83 per MWh, due in large part to market drivers. The increase from FY2022 budget to FY2023 is due to the lingering impacts to purchased power price projections resulting from market conditions.

The ten-year historical average cost per MWh for the fiscal years 2012 through 2021 was \$61.63. This budget cycle presents a fundamental shift in the Operations of the Power Pool. The Pool is anticipating having a positive reserve for the first time in its 37 year history.

Costs to the LAPP participants vary due to each party's load factors. The projected costs to the County per MWh are \$56.20 and \$52.76 for fiscal years 2023 and 2024, respectively.

This budget was approved by the Operating Committee on May 17, 2022.

### Alternatives

If this budget is not approved by the Board and Council, then ECA terms state that we will continue under the last approved budget while we continue to negotiate a budget. Certain costs are billed to the participants as budgeted (fixed charges associated with the various resources) and reconciled in the next budget cycle. Delay in approving a budget will result in adjustments being needed to reconcile actual billings with the budget after the fact once the budget is approved.

### Fiscal and Staff Impact

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None. DPU's expenditure authority for purchased power costs is incorporated into the budget approved by the Utilities Board and County Council during the normal County budget cycle. Approval of this Resource Pool budget is a contractual requirement of the ECA. The Resource Pool budget may differ somewhat from the purchased power expenditure authority requested by DPU during the normal County budget cycle due to timing differences in the budget cycles.

**Attachments**

A - Resource Pool 24-month Budget Package FY23-24

B - Loads and Resources worksheet FY23-24