City of Needles, California
Request for Council Action

☒ CITY COUNCIL/NPUA ☐ Board of Public Utilities ☒ Regular ☐ Special

Meeting Date: September 10, 2019

Title: City of Needles and WAPA Contract No. 19-DSR-12935; Southwest Power Pool Reliability Coordinator Service Charges

Background: Contract No. 19-DSR-12935 between the City of Needles and Western Area Power Administration purpose is to designate Needles' share of the Southwest Power Pool (SPP) Reliability Coordinator (RC) services between WAPA and Needles.

The proposed contract replaces the Peak Reliability Service contract no. 16-DSR-12622. The purpose of the contract is to provided Needles' with its share of the costs SPP charges for the provision of RC Services under the SPP RC Contract. The City current pays for transmission fees and this will be included.

The Board of Public Utilities approved the recommended action on 9/3/2019.

Fiscal Impact: to be determined

Recommended Action: Authorize the City Manager to execute contract no. 19-DSR-12935; Southwest Power Pool Reliability Coordinator Services Charges

Submitted By: Rainie Torrance, Senior Accountant

City Management Review: Rick **Date:** 8/22/19

Approved: ☐	Not Approved: ☐	Tabled: ☐	Other: ☐
		Agenda Item: 7	

Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

AUG 2 0 2019

OVERNIGHT DELIVERY

Mr. Rick Daniels
City Manager, City of Needles
817 3rd Street
Needles Public Utilities Authority
Needles, CA 92363

Dear Mr. Daniels:

Enclosed for signature are two (2) originals of Contract No. 19-DSR-12935 (Contract) between the City of Needles and Western Area Power Administration (WAPA). The Contract provides for payment to WAPA for Southwest Power Pool Reliability Coordinator service and will become effective December 3, 2019. This Contract will replace the Peak Reliability Service Contract No. 16-DSR-12622.

If the Contract meets with City of Needles approval, please sign and return both originals, as soon as possible, to one (1) of the following addresses:

If by Postal Service:	If by Overnight Delivery:
Western Area Power Administration	Western Area Power Administration
Desert Southwest Regional Office	Desert Southwest Regional Office
ATTN: G6215 (R. Nicholson)	ATTN: G6215 (R. Nicholson)
P.O. Box 6457	615 South 43rd Avenue
Phoenix, AZ 85005-6457	Phoenix, AZ 85009

WAPA will review the documents upon receipt and, if satisfactory, will date and execute both originals. One (1) executed and dated original will be returned to you. Any questions related to the Contract should be directed to Mr. Ryan Nicholson at (602) 605-2563.

Sincerely,

Jonathan Aust
Vice President of Operations for
Colorado River Storage Project Management
Center, Desert Southwest Region, and Rocky
Mountain Region

Enclosures (2)

United States
Department of Energy

WESTERN AREA
POWER ADMINISTRATION

Desert Southwest
Regional Office

CONTRACT

CONTRACT NO. 19-DSR-12935

BETWEEN

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
Desert Southwest Customer Service Region

AND

CITY OF NEEDLES

FOR

SOUTHWEST POWER POOL RELIABILITY COORDINATOR SERVICE CHARGES

CONTRACT NO. 19-DSR-12935

BETWEEN

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
Desert Southwest Customer Service Region

AND

CITY OF NEEDLES

FOR

SOUTHWEST POWER POOL RELIABILITY COORDINATOR SERVICE CHARGES

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CONTRACT NO. 19-DSR-12935

BETWEEN

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

AND

CITY OF NEEDLES

FOR

SOUTHWEST POWER POOL RELIABILITY COORDINATOR SERVICE CHARGES

1. **PREAMBLE**: This Contract is made this _____ day of _____, 2019, pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388); August 4, 1977 (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called WAPA, represented by the officer executing this Contract or a duly appointed successor, and City of Needles, duly organized and existing under and by virtue of the laws of the State of California, hereinafter called Contractor, its successors and assigns, each sometimes hereinafter individually called the Party and both collectively called the Parties.

2. **EXPLANATORY RECITALS**:

   2.1 Contractor is a Load-Serving Entity within the Western Area Lower Colorado (WALC) Balancing Authority Area (BAA) and, as a result, Contractor will receive the benefit of Reliability Coordinator (RC) services provided by Southwest Power Pool (SPP).

2.2 On April 30, 2008, Contractor entered into Balancing Authority and Ancillary Services Agreement No. 08-DSR-11917.

2.3 WAPA, as a Transmission Operator and Balancing Authority within the SPP RC Service area, entered into a Reliability Coordinator Services Agreement with SPP (SPP RC Contract).

2.4 Under the SPP RC Contract, SPP assesses various charges to WAPA for RC Services, including an annual payment allocated on the total Net Energy for Load (NEL).

2.5 SPP RC Services Commencement Date, which is anticipated to be December 3, 2019, will commence providing RC Service in accordance with North American Electric Reliability Corporation (NERC) Reliability Standards and Western Electric Coordinating Council (WECC) Regional Reliability Standards, as may be amended from time to time, for the Bulk Electric System (BES) facilities as well as the transmission facilities which are lower than 100-kV that can impact the reliability of the BES, owned and operated by Contractor.

2.6 The Parties desire for this Contract to provide for the Contractor's payment of Contractor's share of the costs SPP charges for the provision of RC Services under SPP RC Contract, including the Contractor's share of NEL of the annual payment.

3. **AGREEMENT**: The Parties agree to the terms and conditions set forth herein.

4. **DEFINITIONS**:

4.1 Balancing Authority(ies) has the meaning given Balancing Authority in the North American Electric Reliability Corporation (NERC) Glossary.

4.2 Balancing Authority Area (BAA) has the meaning given Balancing Authority Area in the North American Electric Reliability Corporation (NERC) Glossary.

4.3 Bulk Electric System (BES) has the meaning given Bulk Electric System in the NERC Glossary.

4.4 Contractor means the Party specified herein, that has a fully executed contract with WAPA for SPP RC Services.

4.5 General Power Contract Provisions (GPCP) means those general provisions published from time to time by Western Area Power Administration that are applicable to contracts and agreements to which Western Area Power Administration is a party.

4.6 Load-Serving Entity means an entity which secures energy and transmission service (and related interconnected operations services) to serve the electrical demand and energy requirements of its end-use customers.

4.7 NERC Glossary means at any time the then-current NERC Glossary of Terms used in NERC Reliability Standards.

4.8 Net Energy for Load (NEL) means Net BAA generation, plus energy received from other BAAs, less energy delivered to BAAs through interchange. It includes BAA losses but excludes energy required for storage at energy storage facilities.

4.9 RC Services means the services and related functions provided by SPP under the SPP RC Contract.

4.10 RC Services Commencement Date is the date that SPP will commence providing RC Services, which is anticipated to be December 3, 2019.

4.11 Reliability Coordinator (RC) has the meaning given Reliability Coordinator in the NERC Glossary.

4.12 Western Interconnection means the westernmost of the three (3) major alternating-current electrical grids in North America. The Western Interconnection stretches from the western part of Canada to Baja California in Mexico, reaching eastward over the Rockies to the Great Plains.

4.13 Terms not otherwise defined in this Contract will have the meaning set forth in the NERC Glossary, and if not defined in the NERC Glossary, will have the meaning as generally accepted in the industry.

5. **TERM OF CONTRACT**:

5.1 This Contract shall become effective upon execution. The initial term of this Agreement will commence on the date first written in Section 1, above (Effective Date), and continue for five (5) years after the RC Services Commencement Date ("Initial Term"), unless terminated pursuant to the Termination Provisions set forth in subsection 5.2 below. This Contract will automatically renew after the Initial Term for successive one (1) year terms unless a notice of termination is delivered by either Party.

5.2 Termination Provisions

(a) This Contract will terminate upon eighteen (18) months written notice provided by either Party to the other, prior to the effective date of such termination.

(i) Termination by the Contractor under subsection 5.2(a) must be accompanied by proof that Contractor no longer has load within WAPA WALC's BAA(s). Any of Contractor's financial obligations incurred prior to the termination of the Contract shall be preserved until satisfied. During the pendency of a withdrawal notice, Contractor remains subject to all terms and conditions of the Contract. Proof that Contractor no longer has load within WAPA WALC's BAA(s) shall consist of certified meter data clearly showing the absence of Contractor load from WAPA WALC's BAA(s), or any other means deemed to be mutually acceptable to the Parties.

(ii) Withdrawal Payment: If the effective date of Contractor's termination is prior to expiration of the Initial Term, Contractor will be responsible for paying: (1) Contractor's share of NEL of the Customer Implementation Cost pursuant to Contract No. 18-DSR-12862 (Contract 12862), Exhibit A, plus (2) Contractor's share of NEL of the annual payment during the pendency of the notice of withdrawal.

(b) Termination for Lack of Certification: In the event SPP loses or is unable to maintain RC certification by WECC or NERC, and the agreement between SPP and WAPA is terminated on these grounds, RC Services may be transitioned to another qualified entity. In such case, Contractor will be assessed a prorated share of the SPP RC Charges as determined pursuant to Attachment No. 1, plus any Contractor's share of NEL of any costs reasonably incurred by WAPA and SPP to facilitate such transition.

(c) Termination by WAPA of SPP RC Contract: In the event WAPA terminates Contract 12862 with SPP for provision of RC Services, this Contract will terminate automatically and concurrently with termination of the SPP Contract. The Contractor is responsible for payment of a prorated share of all applicable costs associated with termination, including the SPP RC Charges as determined pursuant to Attachment No. 1, plus any Contractor's share of NEL of any costs reasonably incurred by WAPA.

6. **TERMINATION OF PRIOR CONTRACTS**: Effective upon the RC Services Commencement Date, this Contract replaces, supersedes, and terminates Contract No. 16-DSR-12622 for Payment of Peak Reliability Incorporated Charges.

7. **PAYMENT**: The Contractor shall pay WAPA for the Contractor's share of SPP RC Charge assessments for dues, costs, or charges, as described in Attachment No. 1.

7.1 WAPA shall invoice Contractor monthly for Contractor's share of NEL of SPP's annual payment and other dues, costs, or charges, as determined by WAPA based upon the invoice WAPA receives from SPP. SPP generally completes its annual

estimate before September 1 of each year and provides its annual invoice on November 1 of each year. Under certain circumstances, SPP may amend or adjust its annual payment. If SPP makes an amendment or adjustment, WAPA will invoice the Contractor for such amendment or adjustment. WAPA will document the amount owed by the Contractor on each invoice.

7.2 The Contractor shall follow the instructions on the invoice and pay the full amount by the due date.

7.3 In the event that a Contractor payment is not received by WAPA on or before the due date indicated on the invoice, the Contractor shall be subject to interest payments and penalties as prescribed under 5 C.F.R. 1315.10 and the Prompt Payment Act, 31 U.S.C. 3900, as applicable.

8. **EXHIBITS**: Exhibits may be added, as required, and will be made a part of this Contract by mutual written agreement by the Parties.

9. **ATTACHMENTS**: Certain terms of this Contract that may change during the term of this Contract are set forth in attachments as formulated and modified from time to time. The initial Attachment Nos. 1 and 2 are attached hereto, and each is incorporated into this Contract in accordance with its respective terms until superseded by a subsequent attachment. The Parties will cooperate with one another in good faith and conduct an open review when considering revisions to an attachment. WAPA will document changes, additions, or modifications in revised attachments and distribute the attachments in accordance with Section 12, herein. In the event of a conflict between an attachment and the Contract, the Contract shall control.

10. **NO ASSIGNMENT**: No voluntary transfer or assignment of the Contract or of the rights of a Party under the Contract shall be made without the prior written approval of the other Party.

11. **EXISTING CONTRACTS PRESERVED**: Nothing in this Contract shall be interpreted to supersede the requirements of any existing agreement unless otherwise expressly stated herein.

12. **NOTICES**:

    12.1 The Parties agree to designate and provide contact information of the representatives, identified in Attachment No. 2, to receive notices that are associated with this Contract. Changes or modifications to a representative's contact information shall be immediately communicated to each Party and a revised Attachment No. 2 shall be issued to the Contractor in accordance with Provision 31 and 40 of the General Power Contract Provisions.

    12.2 Any notice, demand, or request specifically required by the Contract or these Provisions to be in writing shall be considered properly given when delivered in person or sent by postage prepaid registered or certified mail, commercial delivery service, facsimile, electronic, prepaid telegram, or by other means with prior agreement of the parties, to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice. Where facsimile or electronic means are utilized for any communication covered by this Provision, the sending party shall keep a contemporaneous record of such communications and shall verify receipt by the other party.

13. **GENERAL POWER CONTRACT PROVISIONS**: The General Power Contract Provisions (GPCP), effective September 1, 2007, attached hereto, are hereby made a part of this Contract the same as if they had been expressly set forth herein; provided, that if the provisions in the GPCP are in conflict with this Contract, the terms of this Contract shall control.

14. **AUTHORITY TO EXECUTE**: Each individual signing this Contract certifies that the Party represented has duly authorized such individual to execute this Contract that binds and obligates the Party.

The Parties have caused this Contract No. 19-DSR-12935 to be executed as of the date first written above.

DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

By_____
Jonathan Aust
Title Vice President of Operations
for CRSP, DSW, and RMR

Address 5555 East Crossroads Boulevard

Loveland, CO 80538-8986

CITY OF NEEDLES

(SEAL)

By_____
Rick Daniels
Title City Manager

Attest:

By_____

Address 817 3rd Street

Title_____

Needles, CA 92363

Attachment No. 1
Contract No. 19-DSR-12935
City of Needles

METHODOLOGY FOR CALCULATING CONTRACTOR'S ANNUAL SHARE OF SPP RC CHARGES

1. This Attachment No. 1 shall be effective under and as a part of Contract No. 19-DSR-12935 (Contract) and shall remain in effect until superseded by another Attachment No. 1; provided, this Attachment No. 1, or any superseding Attachment No. 1, shall terminate upon expiration of the Contract.

2. Methodology for Calculating Contractor's Annual Share of SPP RC Charges:

   2.1 WAPA shall invoice the Contractor based on the total of SPP's annual final funding amount multiplied by a fraction of: (A) the numerator, which is the Contractor's share of NEL, and (B) the denominator, which is the sum of Net Energy for Load of all SPP customers.

   2.2 The final funding amount shall be the amount determined by WAPA based upon the SPP RC Charges.

3. This Attachment No. 1 to Contract No. 19-DSR-12935 may be modified in accordance with Section 9 of the Contract.

CONTACT INFORMATION FOR NOTICES

1. This Attachment No. 2 shall be effective under and as a part of Contract No. 19-DSR-12935 (Contract) and shall remain in effect until superseded by another Attachment No. 2; provided, this Attachment No. 2, or any superseding Attachment No. 2, shall terminate upon expiration of the Contract.

2. The Parties agree to designate and provide contact information of the representatives, identified in this Attachment No. 2, to receive notices that are associated with this Contract.

For Contractor	For WAPA
Title City Manager	**Title** Vice President of Power Marketing for Desert Southwest Region (G6000)
Address 817 3rd Street Needles, CA 92363	**Address** 615 South 43rd Avenue Phoenix, AZ 85009
Email rdaniels@cityofneedles.com	**Email** DSWContracts@wapa.gov
Phone (760) 326-2113	**Phone** (602) 605-2594

3. This Attachment 2 to Contract No. 19-DSR-12935 may be modified in accordance with Section 9 of the Contract.