

# STAFF REPORT UTILITY MEETING

**AGENDA DATE:** September 26, 2023

**DEPARTMENT:** Electric Utility

**TITLE:**

Transmission Operator Alliance Agreement

**SUMMARY:**

Request for approval for the City of Lake Worth Beach to join the Transmission Operator Alliance operated by Orlando Utilities Commission (OUC) on behalf of Alliance parties.

**BACKGROUND AND JUSTIFICATION:**

The City of Lake Worth Beach Electric (CLWB) Electric Utility is currently planning for regulatory compliance activities that will be required in order to place the second interconnection with the Florida Power and Light (FP&L) transmission system into service. The Construction Agreement for this second interconnection project was approved by City Commission on September 20, 2022 and is planned to be placed in service mid-2024. This second transmission interconnection (aka "Tie Line") to be located at City's Canal Substation will supplement its current single transmission interconnection and will enhance the reliability of its electric system.

In order to place this second interconnection in service, the City of Lake Worth Beach Electric Utility will be legally required to register as a Transmission Operator (TOP) with the North American Electric Reliability Corporation (NERC) through the Southeast Reliability Corporation (SERC) and comply with a myriad of NERC mandated standards.

Currently, the City is required to comply with twenty-six (26) NERC reliability standards containing three hundred thirteen (313) requirements. We are currently compliant with all required standards

Following registration as a TOP, the City will be required to comply with ninety-four (94) additional standards containing over one thousand (1,000) requirements

Compliance with these requirements will require the City to significantly increase staffing levels of its Electric System Operations and Compliance teams, maintain proficiency in critical compliance requirements activities (such as training and maintenance of certified staff), and maintain an active backup control room. In short, maintaining such a rigorous compliance program and adequate staffing levels would represent a significant operating cost and ongoing challenge compared to the economies of scale made possible by the collaborative Alliance effort.

The Alliance (aka "CTOP") is a joint effort currently supported by three municipal utilities (Alliance Parties) which are Orlando Utilities Commission (OUC), Kissimmee Utility Authority (KUA), and Beaches Energy Services (Beaches Energy). The Alliance operating functions are conducted by OUC with oversight and governance by the Alliance Parties. Expenses to operate the Alliance are shared equally amongst the existing three Transmission Operator Alliance Parties, which would be expanded to four Parties with the inclusion of Lake Worth Beach in the Alliance. Should the city join the Alliance it will be entitled to representation in the Executive Committee and Operating Committee of the Alliance.

**Cost and Liability Sharing**

The Alliance voted to waive the initial one-time, non-refundable fee of \$585,000 per participant for the City of Lake Worth Beach to join the Alliance.

The Alliance has estimated that CLWB will be responsible for approximately \$200,000 in the up-front cost of integration into the Alliance. The breakdown of that cost is as follows:

- **\$100,000** for Alliance engineers to model the City of Lake Worth Beach grid in the CTOP Energy Management System (EMS) system.
- **\$100,000** for building the communication network between OUC (Agent for the performance of TOP Control Center functions) and CLWB including modeling, hardware, dedicated RTU Design, MPLS Connection to the City of Lake Worth Beach, AT&T Circuits

City's share of operating expenses (25% of the annual operating cost of the Alliance) is estimated at \$50,000 monthly or \$600,000 annually.

**MOTION:**

Move to approve/disapprove for the City of Lake Worth Beach signing the Transmission Operator Alliance Agreement and becoming a member of the Alliance.

**ATTACHMENT(S):**

Fiscal Impact Analysis Agreement

**FISCAL IMPACT ANALYSIS**

Five Year Summary of Fiscal Impact:

<b>Fiscal Years</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Inflows</b>					
Current Appropriation	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
<b>Outflows</b>					
Current Appropriation	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Operating	0	0	0	0	0
Capital	0	0	0	0	0
Net Fiscal Impact	0	0	0	0	0
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

<b>New Appropriation Fiscal Impact:</b>	
	Expenditure
Department	Electric Utility
Division	System Operations
GL Description	Contractual Services/Other Contractual Servc
GL Account Number	401-6033-531.34-50
Project Number	N/A
Requested Funds	\$600,000