



# City of Grand Island

Tuesday, February 28, 2017

Council Session

## Item G-6

**#2017-50 - Approving Transmission Services Agreement with  
Nebraska Public Power District**

Staff Contact: Tim Luchsinger, Stacy Nonhof

# Council Agenda Memo

**From:** Timothy Luchsinger, Utilities Director  
Stacy Nonhof, Assistant City Attorney

**Meeting:** February 28, 2017

**Subject:** Transmission Services Agreement with NPPD

**Presenter(s):** Timothy Luchsinger, Utilities Director

## Background

The power industry has seen tremendous change over the past ten years. Reliability has become a key concern throughout the country. Two major changes have positively impacted the reliability of the power system – the development of federal regulatory compliance standards and the formation of regional transmission organizations. Many of the compliance standards have been directed towards the larger utilities and smaller entities such as Grand Island have been somewhat under the radar. Grand Island is now obligated to comply with assigned standards with others highly recommended for compliance. In an effort to cover potential reliability gaps, certain electronic transmission system analysis is necessary.

## Discussion

The transmission analysis is performed by a computer modeling software. This software requires significant investment, training and support to perform properly. Internal discussions determined that performing this analysis in-house was not possible at this time. Volkmann Consulting, Grand Island's compliance consultant, advised that having a company that is not physically connected to Grand Island perform this analysis is difficult as new data exchanges must be created, and is not aware of any arrangements such as this other than those with adjoining utilities. Since Grand Island is totally surrounded and interconnected with Nebraska Public Power District (NPPD) and they currently have the resources to perform this same analysis on their own system, department staff approached them about performing this analysis on Grand Island's behalf.

Volkmann Consulting has provided some cost comparisons that indicate that other similar entities pay approximately two to two and one-half times the rate that NPPD has agreed to perform these services and that NPPD's pricing seems very reasonable, as well as much of the needed infrastructure between Grand Island and NPPD already exists. It is

recommended by Department staff that the Transmission Assessment Services Agreement be approved for execution.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the Transmission Assessment Services Agreement for execution.

### **Sample Motion**

Move to approve the Transmission Assessment Services Agreement for execution.

# TRANSMISSION ASSESSMENT SERVICES AGREEMENT

This **TRANSMISSION ASSESSMENT SERVICES AGREEMENT** ("Agreement") is made and entered into on \_\_\_\_\_, 2017 (the "Effective Date"), by and between the City of Grand Island, Nebraska, a municipal corporation and political subdivision of the State of Nebraska ("GI") and Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska ("NPPD"), GI and NPPD respectively being sometimes hereinafter referred to individually as "Party" or collectively as "Parties".

## BACKGROUND

NPPD is registered with NERC as a Transmission Operator, which performs Operational Planning Analysis and Real-time Assessments of its transmission system.

GI is registered with NERC as a Transmission Owner, which endeavors to have Operational Planning Analysis and Real-time Assessments, together referred to as "Transmission Assessment Services," performed on its transmission system.

The Parties are entering into this Agreement to document the terms and conditions of the Transmission Assessment Services to be provided by NPPD to GI on and after the Effective Date.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the Parties agree as follows:

## AGREEMENT

1. Definitions. The following initially capitalized terms and phrases as and when used in this Agreement shall have the respective meanings set forth below:

"Bulk Electric System (BES)" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"CROW" shall mean the Control Room Operations Window web-based application utilized by SPP for outage scheduling and planned outage coordination.

"Facility Ratings" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Flowgate" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Facility(ies)" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Transmission Operator" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Transmission Owner" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"NERC" shall mean the North American Electric Reliability Corporation or its successor organization.

"NERC Reliability Standards" shall mean NERC's Reliability Standards for the Bulk Electric Systems of North America as approved by the Federal Energy Regulatory Commission.

"MRO" shall mean the Midwest Reliability Organization or its successor organization.

"OASIS" shall mean the Open Access Same Time Information System.

"Operational Planning Analysis" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Real-time Assessments" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"Reliability Coordinator" or "RC" shall have the same meaning as in the Glossary of the NERC Reliability Standards.

"SPP" shall mean the Southwest Power Pool, Inc., or its successor organization.

"Transmission Assessment Services" shall have the meaning set forth in the Background section of this Agreement.

2. Scope of Services. NPPD agrees to provide the services to GI as detailed herein.
3. NERC Compliance. The Parties agree that NPPD is not the Transmission Operator for GI Facilities. By providing these Transmission Assessment Services, NPPD assumes no NERC Reliability Standards compliance responsibility for any GI Facilities.
4. Term. The term shall commence on the Effective Date and shall continue until December 31, 2021, and unless terminated by either Party by providing the other with a written notice of termination prior to November 1, 2019, shall continue thereafter on an annual basis until either Party supplies the other with written notice of termination prior to November 1 of the year prior to the effective date of termination. The Agreement will terminate on December 31 of the year following proper notice being given, unless GI is required by NERC and/or MRO to become registered as a NERC certified Transmission Operator (TOP) or contract for such services. GI shall provide NPPD at least one hundred eighty (180) day notice and shall be allowed to terminate this agreement on the date of TOP registration or effective day of acquiring TOP services from a NERC registered TOP or 180 days after providing notice to NPPD whichever is later.
5. Responsibilities of GI.

#### BES Facilities

Upon the Effective Date, GI shall provide to NPPD a list of its transmission and generation BES Facilities to be included in the Transmission Assessment Services. GI shall notify NPPD at least thirty (30) days prior to any changes to its BES Facilities.

#### Model Data

Upon the Effective Date and annually thereafter or as requested by NPPD, GI shall provide to NPPD, model data necessary for NPPD to incorporate GI Facilities into the models it utilizes for Transmission Assessment Services. Such data will be specified by NPPD to GI.

GI shall provide to NPPD information on topology changes at least thirty (30) calendar days prior to the date when the applicable topology change is scheduled to become energized.

#### Facility Ratings

Upon the Effective Date and annually thereafter or as requested by NPPD, GI shall provide NPPD the Facility Ratings for its transmission and generation BES Facilities.

GI shall communicate any Facility Rating changes or generating unit derates via e-mail or phone call to NPPD as soon as possible after discovery. Notifying NPPD does not relieve GI of its obligation to notify its RC or other parties of the Facility Ratings change.

#### Real-Time Reliability Data

GI shall provide to NPPD real-time data on its BES Facilities. Such real-time data includes the status of circuit breakers and disconnect switches, megawatt ("MW") and megavolt ampere reactive ("MVAR") values on each of its BES Facilities and MW and MVAR values for each load serving transformer connected to BES Facilities.

#### Outage Information

GI shall submit all transmission and generation BES Facility outages via SPP's CROW software tool. GI shall also communicate these outages via e-mail or phone call to the NPPD outage coordinators for planned work and the NPPD system operator for emergent work.

#### Operational Planning Analysis

GI shall collaborate jointly with SPP and NPPD to validate the results of any Operational Planning Analysis and determine the need to develop an operating guide and/or Flowgate to manage the anticipated pre- and/or post-contingency Facility Ratings violations.

GI shall collaborate jointly with SPP and NPPD in the development of any operating guide involving GI BES Facilities based upon Operational Planning Analysis results.

GI shall not provide any Operational Planning Analysis results to any person involved in the wholesale merchant function, whether or not such person is an employee of GI, unless such information is already posted on the SPP OASIS.

Real-time Assessment

GI shall immediately communicate any change in status of transmission and generation BES Facilities via phone call to the NPPD system operator and SPP RC.

GI shall collaborate jointly with SPP and NPPD to validate the results and determine the need to develop an operating guide and/or Flowgate to manage the pre- and/or post-contingency Facility Ratings violations.

GI shall collaborate jointly with SPP and NPPD in the development and execution of any operating guides involving GI BES Facilities.

GI shall not provide any Real-time Assessment results to any person involved in the wholesale merchant function, whether or not such person is an employee of GI, unless such information is already posted on the SPP OASIS.

6. Responsibilities of NPPD.

The following NPPD responsibilities shall commence thirty (30) days after the Effective Date of this agreement.

Real-time Reliability Data

NPPD agrees to make such real-time reliability information provided by GI available to its Reliability Coordinator. NPPD assumes no responsibility for any errors or omissions in the data it makes available to its Reliability Coordinator, nor does NPPD assume any reporting responsibility for such data. NPPD shall not provide market-related information to or from SPP.

Operational Planning Analysis

NPPD shall include GI transmission and generation BES Facilities in its Operational Planning Analysis.

NPPD shall identify any GI BES Facilities projected not to be operating within the Facility Rating, for either pre- or post-contingency conditions based upon its Operational Planning Analysis and communicate such results to GI.



Real-time Assessment

NPPD shall include GI transmission and generation BES Facilities in its Real-time Assessment.

NPPD shall identify any GI BES Facilities not operating within the Facility Rating, for either pre- or post-contingency conditions based on its Real-time Assessment and communicate such results to GI.

7. Billing for Services.

For all services provided to GI by NPPD under this Agreement, NPPD shall bill GI monthly in accordance with the provisions in Exhibit A.

Except as otherwise mutually agreed by the Parties, all bills for services provided to GI by NPPD shall be due and paid within thirty (30) days after rendering by NPPD.

If GI disputes all or any portion of a billing for services provided by NPPD under this Agreement, GI shall notify NPPD as soon as possible for resolution of the dispute but is obligated to pay the invoice subject to any refund determined in the resolution of the dispute.

8. Services.

NPPD agrees that the services performed under this Agreement will meet the standards of care, skill, and diligence exercised by NPPD in the performance of such services with respect to NPPD facilities and operations. In the event any services fail to meet said standards, and GI notifies NPPD in writing of such failure, NPPD's sole obligation and liability to GI shall be to perform future services to meet the said standards.

9. Limited Liability.

In no event shall NPPD be liable under this Agreement for direct, special, incidental or consequential damages, including, but not limited to, loss of profits, loss of revenue, loss of use of any property, cost of capital, cost of purchased power, cost of substitute equipment, facilities or services, downtime costs, or claims of GI for such damages, even if NPPD is expressly informed of the same.

NPPD's sole liability under this Agreement, whether based on contract, tort, or any other legal theory, shall be limited to, and shall not exceed, performance of future services in accordance with Section 8 of this Agreement.

10. Uncontrollable Forces.

NPPD shall not be liable for loss or damage from any failures to perform any of its contractual obligations under this Agreement because of Uncontrollable Forces, which are circumstances beyond NPPD's control, or because an emergency situation arises which affects NPPD's ability to provide services to GI under this Agreement, and NPPD shall be temporarily relieved of its obligations under this Agreement and shall have a reasonable period of time after termination of the Uncontrollable Force or emergency situation to resume performance. NPPD shall notify GI of the temporary suspension of such services and shall submit to GI an estimate of when such services can be resumed.

11. Contact Information.

Contact information is contained in Exhibit B.

12. Indemnification.

GI agrees to indemnify, defend, and save harmless NPPD and its representatives, agents, or employees from and against all claims, demands, suits, actions, payments, and judgments arising out of NPPD's performance of services under this Agreement, and for any claims arising out of GI's failure or refusal to implement NPPD's written or oral instructions, advice or recommendations, if any, except that GI shall not have an obligation to indemnify, defend, and save harmless NPPD or its representatives, agents, or employees for any negligent act or omission of NPPD or its representatives, agents or employees.

13. Governing Law.

This Agreement is deemed to have been effectively entered into in the State of Nebraska and it shall be interpreted and controlled by the laws of said State. The Parties agree that any action arising out of or related to this Agreement brought by GI against NPPD shall be brought only in the federal or state courts in the State of Nebraska.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the Effective Date.

**Nebraska Public Power District**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**City of Grand Island, Nebraska**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**DESCRIPTION OF CHARGES**

**TRANSMISSION ASSESSMENT SERVICES AGREEMENT**

**Between**

**Nebraska Public Power District**

**And**

**City of Grand Island**

Initial incorporation of GI Facilities into NPPD's model to be billed on Effective Date of this Agreement:

One-time fee: \$8,000

Fee for services as described in this agreement to be billed monthly:

Monthly fee for 2017: \$11,500

The monthly fee shall escalate at four percent (4%) per year effective January 1 of each year as shown below, and as calculated for each subsequent year the Agreement is in effect.

\$11,960.00	2018
\$12,438.40	2019
\$12,935.94	2020
\$13,453.37	2021

**EXHIBIT B**  
**Contact Information**

**TRANSMISSION DATA, MODELING and ASSESSMENT SERVICES AGREEMENT**  
**Between**  
**Nebraska Public Power District**  
**And**  
**City of Grand Island**

**1. Nebraska Public Power District**

Real-Time Operations

(402) 845-5234

Scheduled Outages

(402) 845-5220 or (402) 845-5240

Email – [DCCCoordinatorList@nppd.com](mailto:DCCCoordinatorList@nppd.com)

System Control Engineers

(402) 845-5210 or (402) 845-5255

Email – [h1nguye@nppd.com](mailto:h1nguye@nppd.com) or [dmpham@nppd.com](mailto:dmpham@nppd.com)

Transmission System Control Supervisor

(402) 845-5260

Email – [jjburge@nppd.com](mailto:jjburge@nppd.com)

**2. City of Grand Island**

Real-Time Operations

(308) 385-5465

Email – [pcc-dispatch@grand-island.com](mailto:pcc-dispatch@grand-island.com)

Scheduled Outages

Jeffrey Mead

Keith Pobanz

(308)385-5462 x1142 or (308) 385-5462 x1136

Email – [jmead@grand-island.com](mailto:jmead@grand-island.com) or [kpobanz@grand-island.com](mailto:kpobanz@grand-island.com)

Manager, System Operations - Jeffrey Mead

(308) 385-5462 x 1142

Email – [jmead@grand-island.com](mailto:jmead@grand-island.com)

Copy – Travis Burdett

(308) 385-5466

Email – [tburdett@grand-island.com](mailto:tburdett@grand-island.com)

RESOLUTION 2017-50

WHEREAS, in the last ten years major changes have positively impacted the reliability of the power system – the development of federal regulatory compliance standards and the formation of regional transmission organizations; and

WHEREAS, Grand Island is now obligated to comply with assigned standards; and

WHEREAS, in an effort to cover potential reliability gaps, certain electronic transmission system analysis is necessary; and

WHEREAS, since Grand Island is totally surrounded and interconnected with Nebraska Public Power District (NPPD) and they currently have the resources to perform this analysis on their own system, Utilities Department staff approached them to perform this analysis on Grand Island’s behalf; and

WHEREAS, NPPD’s pricing is very reasonable, and much of the needed infrastructure between Grand Island and NPPD already exists.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Transmission Assessment Services Agreement with NPPD is hereby approved, and the Mayor is authorized to sign the Agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, February 28, 2017.

\_\_\_\_\_  
Jeremy L. Jensen, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
March 10, 2017	☐ City Attorney