



City of Grand Island

Tuesday, December 03, 2002

Council Session

Item G2

#2002-371 - Approving Electric Interconnection and Interchange Agreement - Proposed Amendment #4

Background:

The Grand Island electric system is interconnected to the regional transmission grid to provide backup power supply in the event of major equipment problems in the City, and to facilitate purchase and sales of electric power with other utilities. As the transmission provider for western and central Nebraska, Nebraska Public Power District (NPPD) is the Area Control for the Mid American Power Pool (MAPP). The MAPP region encompasses portions of eight states and two Canadian Provinces. The governance of the electrical interconnection is defined in the 1981 "Electric Interconnection and Interchange Agreement" between NPPD and Grand Island Utilities. That agreement has been periodically updated over the years as needed.

Discussion:

With electric industry deregulation/re-regulation and the associated problems, and with changes to both NPPD and Grand Island electric systems over the years, an amendment to the existing agreement is appropriate. Proposed Amendment #4 includes changes to five agreement articles and two Exhibits. The changes reflect regulation changes by MAPP and the National Electric Reliability Council, changes in operating requirements, and physical changes in the area electric grid. A copy of proposed Amendment #4 is attached and a brief summary of each change is provided below.

Article I - Adds a statement to make each party responsible for compliance with MAPP regulations that have developed with deregulation.

Article III - Grand Island currently leases facilities in an NPPD substation to receive Western Area Power Administration (WAPA) hydropower. Lease of facilities is not in accordance with current regulation and is deleted by this change.

Article VI - Provides for receipt of WAPA power by MAPP approved transmission rates from NPPD, and provides accounting and payment procedures for inadvertent variations in scheduled power exchanges.

Article VIII - Allows the City 30 days instead of 15 days to process invoices resulting from this agreement.

Exhibit B - Adds a section to describe the recently completed additional 115,000V regional grid tie at GI's Substation A.

Exhibit B - Figure 1 is updated to include the added 115,000V transmission line tie.

Exhibit C - Deletes the lease facilities payment that was deleted in Article III.

Exhibit C1 - Provides description of transmission service for receipt of WAPA hydro-power by NPPD's T-2 Transmission Rate.

The current agreement, and an annotated copy showing the proposed changes, are available in the Utilities Office for review. The complete document is approximately 50 pages in length.

Recommendation:

It is the recommendation of the Utilities Department that Amendment #4 to the "Electric Interconnection and Interchange Agreement" be approved.

Fiscal Effects:

Payment of transmission service costs for WAPA power receipt by NPPD's T-2 transmission rate schedule. Cost is projected to be \$145,000 per year. This payment will be made from the transmission credit account GI currently has with NPPD as a result of the transformer replacement project completed in 2001. The amendment would eliminate of the \$59,000 per year currently made to NPPD for substation facilities leases. Since the new transmission payment is made from a credit account, the net effect on Department cash flow is a savings of \$59,000 per year lease payment.

Alternatives:

Reject Amendment #4. See attached RESOLUTION.

Staff Contact: Gary R. Mader

AMENDMENT NO. 4

to the

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

between

NEBRASKA PUBLIC POWER DISTRICT

and

GRAND ISLAND UTILITIES
CITY OF GRAND ISLAND, NEBRASKA

Amendment No.4
to the
Electric Interconnection and Interchange Agreement
between
Nebraska Public Power District
and
Grand Island Utilities
City of Grand Island, NE

This Amendment No. 4 to the Electric Interconnection and Interchange Agreement (Agreement) is made and entered into effective the 1st day of January, 2003, by and between Nebraska Public Power District, a public corporation and political subdivision of the State of Nebraska, hereinafter called "NPPD", and the City of Grand Island, Nebraska, a municipal corporation and political subdivision of the State of Nebraska, doing business as Grand Island Utilities, hereinafter called "City". NPPD and City respectively hereinafter referred to at times individually as "Party" or collectively as "Parties".

RECITALS

WHEREAS, NPPD and City have entered into an Electric Interconnection and Interchange Agreement dated June 26, 1981, for the benefit of reliability and economy through interconnection of their respective transmission systems, and

WHEREAS, the Parties would like to amend said Agreement to provide revision to certain terms of the Agreement and to incorporate a new rate schedule for transmission services.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

Article I, General, Section 5, add the following sentence onto the end of this section:

It is the obligation of each Party to be individually responsible for compliance with reliability requirements and any associated fines, penalties, or assessments due to failure to meet such requirements.

Article III, Transmission Interconnections, Section 2., Delete all wording except the first sentence.

Article VI, Operating Practices, Section 9, delete the third sentence in its entirety and replace with the following;

Transmission service supplied over NPPD's transmission system pursuant to this Agreement shall be rendered in accordance with the criteria set forth in NPPD's Transmission Service Rate Schedule (T-2).

Article VI, Operating Practices, Add new Section to read as follows;

Section 10. The parties recognize that inadvertent variations may occur between the amount of energy that is scheduled in any hour by City (Energy Scheduled) and the amount of energy that is delivered in such hour to satisfy City's obligations (Energy Delivered). Scheduling deviation occurring as a result of over/ under scheduling by City pursuant to this Agreement shall be accounted for on an hourly basis, in accordance with the Energy Imbalance provisions of NPPD's Transmission Service Rate Schedule (T-2).

Article VIII, Payment, Section 1, paragraph 1.3 delete the word "fifteen" in the third sentence and replace with the word "thirty".

Exhibit "B", is hereby amended by adding the new Section 3 at the end of the Exhibit, to read as follows:

Section 3. The Interconnection point for the City's Substation "A" is where NPPD's Line L-1149 attaches to the City's double circuit structure about 0.75 miles south of Sub "A" and the metering point is in the Sub "A" substation.

Exhibit "B" Figure 1, is hereby deleted in its entirety and a new Exhibit B, Figure 1 is attached.

Exhibit "C", Facility Payment By City – is hereby deleted in its entirety.

Exhibit "C-1" is hereby amended by deleting Exhibit C-1 and the associated Exhibit C-1, Figure 1, in their entirety and replacing them with the attached Exhibit C-1 dated January 1, 2003.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment # 4, to the Electric Interconnection and Interchange Agreement to be executed in duplicate by their duly authorized officers or representatives effective the day and year first above written.

NEBRASKA PUBLIC POWER DISTRICT

By:_____

Title:_____

Typed Name:_____

Date:_____

GRAND ISLAND UTILITIES
CITY OF GRAND ISLAND, NEBRASKA

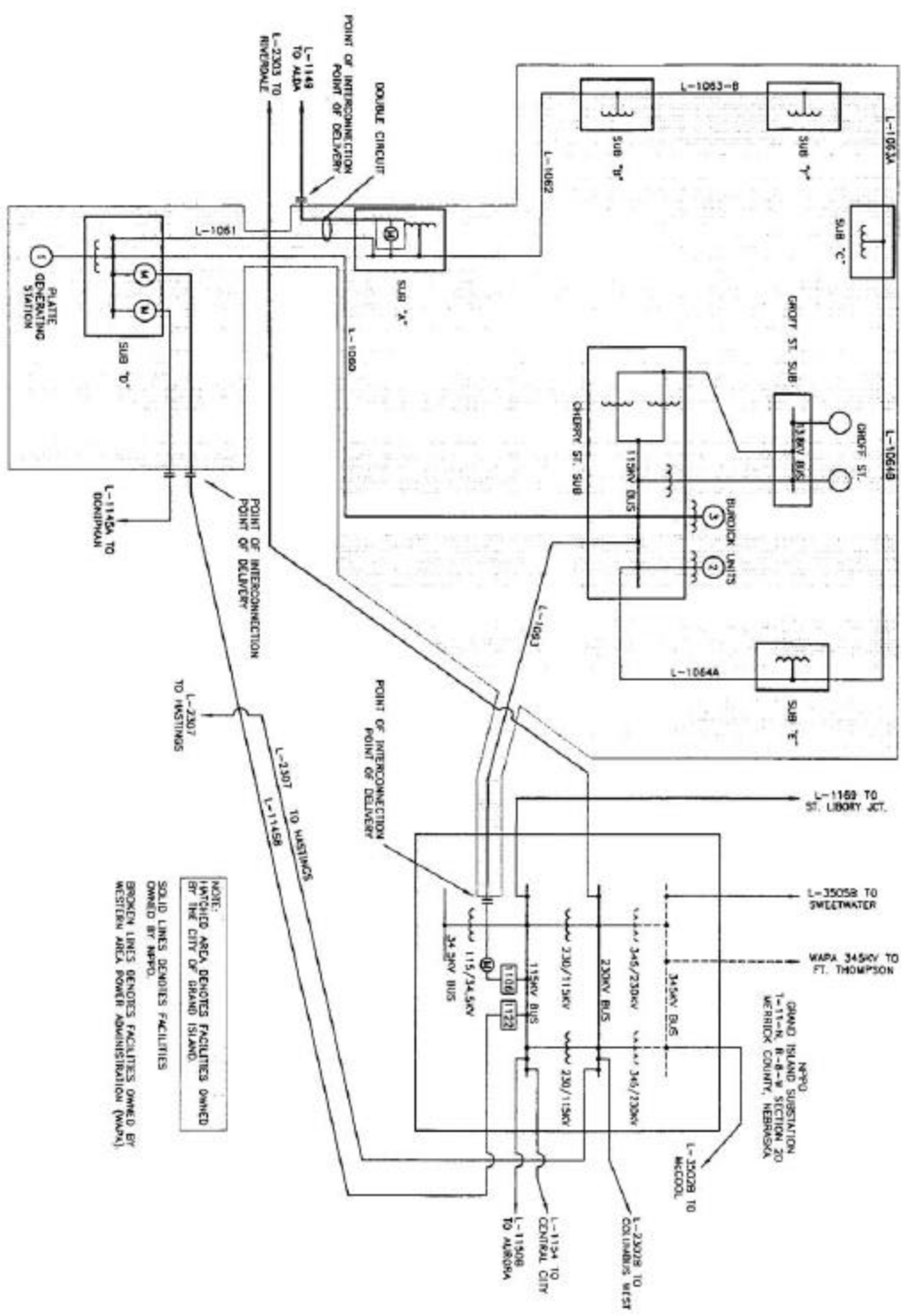
By:_____

Title:_____

Typed Name:_____

Date:_____

NEBRASKA PUBLIC POWER DISTRICT
AND
CITY OF GRAND ISLAND
ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT (AGREEMENT)
EXHIBIT B
FIGURE 1



NOTE:
HATCHED AREA DENOTES FACILITIES OWNED
BY THE CITY OF GRAND ISLAND.
SOLID LINES DENOTES FACILITIES
OWNED BY NPPD.
BROKEN LINES DENOTES FACILITIES OWNED BY
WESTERN AREA POWER ADMINISTRATION (WAPA).

EXHIBIT "C-1"

Nebraska Public Power District
And
City of Grand Island, Nebraska

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

Transmission Service between WAPA and City of Grand Island

1. Transmission for WAPA Delivery

NPPD provides to City firm Point-to-Point transmission service for City's capacity delivery from the Western Area Power Administration (WAPA), on NPPD's transmission system, to the interconnection between NPPD and the City. The reservation on NPPD's system for this WAPA delivery shall be based on the monthly capacity reservation from City to NPPD, rounded up to the nearest whole megawatt, if applicable. Such reservation shall be in accordance with NPPD's Transmission Service Rate Schedule (T-2).
2. Payment by City – All bills for transmission service supplied pursuant to this Agreement shall be rendered in accordance with the criteria set forth in NPPD's Transmission Service Rate Schedule (T-2).
3. Transmission Contract Path – City's rights hereunder, effect a contractual path for the transmission of power and energy between the City and WAPA. City shall have the right to schedule power and energy transactions with WAPA over said contractual path; provided, however, that:
 - a. Each such transaction shall be accomplished by means of schedules between City and NPPD, in accordance with procedures established in the Agreement, and corresponding schedules between NPPD and WAPA, and
 - b. For the purpose of load control area accounting, such transactions shall be scheduled by NPPD, and City shall be responsible for all accounting and billing between City and WAPA.
 - c. City shall arrange for compensation for losses on the NPPD system, at the loss percentage, identified in NPPD's Transmission Service Rate Schedule (T-2).

4. Contingencies

In event of any contingency on the NPPD, WAPA or City system resulting in a reduction of the total capacity, which limits the ability to deliver power or energy from WAPA to the City, the City shall, except as may be otherwise specifically agreed to by the parties, reduce the scheduled deliveries for such transactions as requested by NPPD system operator.

5. Joint Planning –City and NPPD shall jointly plan transmission facilities in and around the Grand Island chartered service area. City and NPPD shall coordinate the future development of transmission facilities in order to maintain reliability and to provide adequate transmission capacity to accommodate the aggregate load and generation within City’s system. All joint plans and planning activities shall conform to applicable NERC and MAPP Planning and System Design Standards. City and NPPD shall conduct joint planning studies. City and NPPD shall provide required joint data to develop the transmission planning models. NPPD shall submit required modeling data to MAPP as per their annual regional model building effort. City will provide all applicable data to NPPD such as future load projections, inter-regional transactions, generation capability, and any physical transmission system modifications and any necessary updates to the 5 and 10 year plan. Pertaining to the joint transmission facility modifications. The model building effort will provide the annual reviews part of the 10 year plan, recommendations shall be made specifying the ownership responsibility, type, timing and approximate location of transmission facility revisions, additions and removals. The agreed upon plan shall be reviewed annually by City and NPPD or upon request of either party. City shall be responsible for applicable costs incurred by NPPD to perform work associated with joint planning efforts.
6. Term – This Exhibit “C-1”, shall remain in force and effect concurrently with the term of the Electric Interconnection and Interchange Agreement.

RESOLUTION 2002-371

WHEREAS, on June 22, 1981 the City of Grand Island approved an Electric Interconnection and Interchange Agreement with Nebraska Public Power District ("NPPD") for the benefit of reliability and economy through interconnection of their respective transmission systems; and

WHEREAS, NPPD and the City are interested in amending such agreement to incorporate regulation changes by the Mid American Power Pool (MAPP) and the National Electric Reliability Council; and

WHEREAS, the proposed Amendment No. 4 to the Electric Interconnection and Interchange Agreement has been reviewed and approved by the City Attorney's office.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that Amendment No. 4 to the Electric Interconnection and Interchange Agreement is hereby approved; and the Mayor is hereby authorized and directed to execute such 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 on December 3, 2002.

RaNae Edwards, City Clerk

Approved as to Form ? _____ November 27, 2002 ? City Attorney
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