

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 7.b.1

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MEETING DATE: Thursday, October 5, 2023

AGENDA ITEM: Discussion and Consideration of Action to Approve the AEPCO Metered Sub-System Agreement and Energy Management Services Agreement (*Power^*) - Ritter

RECOMMENDATION: The FAP Committee recommends that both the AEPCO Metered Sub-System Agreement and Energy Management Services Agreement, as presented, be approved by the Board and authorize the General Manager, or her designee, to sign the agreements.

FISCAL IMPLICATIONS: No

Impact on Budget:

None.

Additional spending authority requested: None.

Impact on Reserves:

None.

Impact on Rates:

None.

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan

Power: *Building a reliable, diversified, and sustainable energy portfolio*

PREVIOUS BOARD ACTION/ACTIVITY:

August 17, 2023 FAP Committee Meeting overview of AEPCO Metered Sub-System Agreement and Energy Management Services Agreement.

September 21, 2023 FAP Committee recommendation to approve agreements.

ISSUE SUMMARY/DESCRIPTION:

The existing agreement between Arizona Electric Power Cooperative (AEPCO) and CAP for trading, scheduling, imbalance and interchange services was signed in April of 2011. The document references Navajo Generating Station (NGS) as the primary source of energy for CAP, and is based on an annual water volume of 1.5 million acre-feet. The operational context of CAP has changed significantly since 2011, with the closure of NGS, shortage on the Colorado River, and new solar resources as notable examples. A shifting energy landscape since 2011 has also impacted AEPCO, and because of these reasons, it is necessary to refresh the operating agreements between each organization.

The Energy Management Services Agreement provides a high level overview of services that AEPCO will provide to CAP, while the Metered Sub-System Agreement is a tactical description of the requirements for service. Implementation of both agreements is not expected to result in any notable change to day-to-day operation for CAP.

SUGGESTED MOTION:

I move that the Board authorize the General Manager, or her designee, to sign both the AEPCO Metered Sub-System Agreement and the Energy Management Services Agreement.

ATTACHMENTS:

1. Presentation
2. AEPCO Metered Sub-System Agreement
3. Energy Management Services Agreement