



Two-Dam Independence Project Update



CHELAN COUNTY

COMMISSION MEETING
JULY 9, 2018

Today

Review Project Scope, Schedule and Status

Staffing Analysis & Recommendation

Overview of Requested Action

Two-Dam Independence Project (TDIP)

June 2019 coordination with Grant County PUD/
Central ends

PUD assumes functions of Central management
for Rocky Reach & Rock Island

Technology advances make this possible:

- » Sub-hourly river forecast modeling
- » Unit dispatch optimization
- » Improved energy accounting system

Project Status Update

Design work underway

Project Execution Plan accepted by project stakeholders and sponsors

Project currently on-schedule for May 29, 2019, cut-over

TDIP Commission Approvals

Approved project budget: \$3M

Commission-approved service agreements:

- » Forecast Modeling Tool (RiverWare by CADSWES – 18-14240)
- » Energy Accounting System (WebAccounting by OATI – 17-14174)
- » Energy Management System upgrades (Monarch)
- » Project management consulting services (Sapere – 18-14250)

Agreements executed within delegated authority:

- » Real-time plant and unit dispatch (Vista RT by Hatch)
- » Technical programming support services (Page5)

TDIP Staffing Need Analysis

Cross-departmental study group convened

Evaluated both internal and contract staffing options

Identified:

- » new/changed internal tasks
- » time requirements
- » constraints and requirements for meeting staffing needs

Used Decision Evaluation Criteria

Preliminary approval from Senior Management
May/June

Staffing Recommendations

Add a third 24/7 System Operator desk

- » 24/7 desk = 5 operators
- » 1 reassigned + 4 new hires
- » Reevaluate need 18-months post cut-over

Collect data throughout for 18-month reevaluation

Use attrition to reduce headcount if reevaluation indicates it is appropriate (3 retirement eligible operators in next 2 years)

No 2018 budget revisions

Will be included in future year budget forecasts

Decision Evaluation Criteria

Impact to Customer-Owners: \$765k/year in labor costs (until reevaluation)

Legal: can be implemented by cut-over date

Workforce/Operations Implications: allows for succession planning and risk mitigation

Impacts to Stakeholders: Supports cyber-security and participant confidentiality

Commitment to District Values: Operational Excellence

Next Steps for Staffing

Approve staffing resolution

Complete labor
negotiations

Review of candidates,
interviews, offers

Certification of new
operators

Train all System Operators
on new responsibilities



A wide-angle landscape photograph of a mountain valley. In the foreground, a dense forest of evergreen trees covers the lower slopes. A small town with several buildings and a road is visible in the middle ground, nestled in a valley. The background features a range of rugged, rocky mountains with some snow patches on their peaks. The sky is filled with soft, white clouds. The overall scene is bright and clear, suggesting a sunny day.

Questions?

Use of Constraints to Evaluate Potential Alternatives

	24/7 Coverage	Local IBEW 77 represented	Does Not Overburden Current System Operations	NERC-Certified Operated
Using Hydro Operators				X
Absorbing additional tasks into current system operations job descriptions			X	
Using management positions		X		
Hiring two to three system operator positions	X		X	
Adding an additional four-letter system operator shift	X		X	
Adding an additional five-letter system operator shift				
Adding a temporary five-letter system operator shift				

Financial Comparison of Viable Options

	Current Mid-Columbia Coordination Budget	Permanent Five-Letter SO Shift	Limited Assignment Five-Letter SO Shift	Third-Party Outsourcing (costs sourced from past bids for 3-PUD coordinated operations)
Implementation Costs	N/A	\$2.9 million (current TDIP estimate at complete)	\$2.9 million (current TDIP estimate at complete)	\$2.8 - \$4.2 million
Two-year Startup Operations	N/A	\$900k (\$135k in ongoing system costs, \$765k in ongoing labor costs)	\$900k (\$135k in ongoing system costs, \$765k in ongoing labor costs)	\$3.3 - \$3.7 million
Ongoing Steady-State Operations	\$1,139,561 (Chelan's share = \$548,015)	\$900k (\$135k in ongoing system costs, \$765k in ongoing labor costs)	\$0 - \$900k (no ongoing steady-state costs if this position were determined no longer needed)	\$2.7 - \$3 million

Decision Evaluation Criteria Analysis of Viable Alternatives

	Add 24/7 Five-Letter Shift	Add Temporary 24/7 Five-Letter Shift	Outsourcing to a Third-Party
	IMPACT TO CUSTOMER-OWNERS		
Long-term Direct Costs	2	3	1
Acceptability to the Union	3	2	1
Short-term Direct Cost	3	3	1
Relative Indirect Cost due to loss of hydro optimization	3	3	1
	LEGAL IMPLICATIONS		
Ability to implement by June 2019	3	2	1
	WORKFORCE/OPERATIONS IMPLICATIONS		
Flexibility to Change	1	2	3
	IMPACTS TO OTHER STAKEHOLDERS		
Participant Confidentiality/Participant Market Information	3	3	1
Cyber-security	3	3	1
	COMMITMENT TO DISTRICT VALUES		
Change in ability to meet operational requirements	3	2	1
TOTALS	24	23	11