



- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

4/8/2025 Board Meeting

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7-1

## Subject

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Authorize an increase to a professional services agreement with Grid Subject Matter Experts, LLC for a new not-to-exceed total amount of \$1.245 million for electric transmission planning and North American Electric Reliability Corporation-related electric reliability compliance services; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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On January 3, 2024, Metropolitan entered into a sole source agreement for professional services with Grid Subject Matter Experts, LLC (GridSME) to perform work related to electric transmission planning and North American Electric Reliability Corporation (NERC) reliability compliance assessments. During the second half of 2024, Metropolitan received an unexpected influx of requests for affected system studies and a request from a generator developer to connect a project directly to the Colorado River Aqueduct transmission system (CRATS). Staff is relying on the expertise of GridSME to perform technical analysis in support of these requests, which will exhaust the current authorized amount of \$245,000. This agreement extension will ensure sufficient capacity and duration in the agreement to complete the current study request queue in a timely manner. Expenditures for services provided by GridSME for affected system studies and the direct connection to CRATS will be reimbursed by the parties that have requested affected system studies or a direct connection to the CRATS.

This action authorizes an increase to an existing agreement (Agreement No. 218061) with GridSME for electric transmission planning and NERC-related electric reliability compliance services.

## Proposed Action(s)/Recommendation(s) and Options

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### Staff Recommendation: Option #1

#### Option #1

Authorize an increase of \$1.0 million to a professional services agreement with GridSME for a new not-to-exceed total amount of \$1.245 million for electric transmission planning and NERC-related electric reliability compliance services.

**Fiscal Impact:** No immediate fiscal impact

**Business Analysis:** Approving the proposed amendment will ensure sufficient capacity and duration in the agreement to complete the current generator interconnection study request queue in a timely manner.

#### Option #2

Do not authorize the increase to Agreement No. 218061.

**Fiscal Impact:** No immediate fiscal impact

**Business Analysis:** The current authorized amount is insufficient to complete the current study queue. Not approving the extension will delay the completion of the study work.

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## Alternatives Considered

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Staff is preparing a Request for Proposals (RFP) for supplemental transmission planning services for board review and approval in 2025; however, the timeline to complete the RFP and obtain the requisite approvals will delay the timely completion of the affected system and generation interconnection request studies.

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## Applicable Policy

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Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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## Related Board Action(s)/Future Action(s)

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Staff will present the results of the RFP for transmission planning services for consideration at a later board meeting.

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## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in a direct physical change in the environment or a reasonably foreseeable indirect physical change. (State CEQA Guidelines Section 15378(a).) In addition, the proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)). Finally, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4)).

### CEQA determination for Option #2:

None required.

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## Details and Background

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### Background

Metropolitan owns a 230,000-volt transmission system that provides power to its Colorado River Aqueduct (CRA) pumps. Metropolitan also has long-term contracts for energy from the Hoover and Parker Dams, which is transmitted to the CRA pumps over Metropolitan's transmission lines. Southern California Edison (SCE) provided Metropolitan with energy and transmission operating (TOP) services under a 1987 Service and Interchange Agreement. SCE decided not to renew this agreement in 2017 due to market changes, and following a search for a new service provider, the Board authorized the successor agreements with the Arizona Electric Power Cooperative.

In 2023, due to changes in the electric market, staff was directed to determine feasible alternatives to contracting for transmission operating services, including building and staffing a dedicated control center. GridSME, a consultant specializing in electric reliability compliance and electric transmission planning headquartered in Folsom, California, was selected for this task due to their work on a similar study for Metropolitan in 2017 and previous knowledge of our unique system and operating philosophy. Metropolitan entered into a sole source agreement with GridSME for this purpose in January 2024 with a maximum value of \$120,000.

In early 2024, Metropolitan received a request for an affected system study from generation developer CDH Vidal. An affected system study is requested by a generator developer who wishes to connect their project to the grid to determine the impact of that generator on adjacent systems. These studies are highly technical in nature and assess a proposed generation project's impacts on the transmission system across several dimensions (steady-state thermal loading, steady-state, transient, and post-transient voltage stability impacts, and so forth). These

studies are critical to ensure that a generation project does not have an adverse impact on Metropolitan's transmission system or water operations and to protect Metropolitan against incurring costs to mitigate any negative impacts through operational procedures or physical system improvements. The timelines of these studies are critical to protect Metropolitan's interests and to support the broader state and national policies promoting renewable energy development and robust electrical energy markets.

These studies are also highly time sensitive from the point of view of the interconnecting generation customer. If there are significant impacts that require mitigation, the generation customers require this information to ensure the viability of their project and secure the necessary financing. Delays in the completion of the study work will impact the implementation of California's energy policy and potentially harm the viability of these generation projects.

Affected system studies are paid for by the generation developer. The developer signs a study agreement and makes a study deposit, typically on the order of \$50,000 to \$250,000, from which the actual study costs are deducted. Any residual funds are returned to the developer once the study is completed.

Due to limited staffing availability, and GridSME's expertise and immediate availability, GridSME was engaged to assist with the technical analysis. To reflect this additional demand, the GridSME agreement was increased to \$180,000 in May 2024.

During the second half of 2024, Metropolitan received an unexpected influx of seven additional affected system study requests from generators interconnecting to the California ISO (CAISO) and Western Area Power Administration systems, as well as a request to connect directly to the CRATS. Due to the complexities of the affected system study requests, ongoing resource constraints, and the time criticality of the work involved, staff elected to consolidate the affected system study requests into a single comprehensive cluster study. GridSME is currently the primary technical resource engaged with this cluster study; to reflect this additional demand, the GridSME contract was extended to the current authorized amount of \$245,000 in August 2024. However, significant additional work is required to meet the study queue in a timely manner; therefore, it is requested to extend the authorized agreement by \$1.0 million to a new authorized amount of \$1.245 million to accommodate the remaining work as well as any additional requests that are received in 2025.

Staff is currently preparing and executing an RFP for supplemental transmission planning professional services; however, this RFP will be available for board review and approval no earlier than the second or third quarter of 2025. Therefore, staff recommends increasing the current agreement with GridSME to ensure continuity in the ongoing study process and to complete this work in a timely manner.

Affected system study requests and generator interconnection requests are funded by customer deposits; therefore, the majority of the costs of these studies will be recovered and will have minimal budget impact.

**Proposed Amendments to the GridSME Agreement**

Amendment to Agreement No. 218061 will extend the agreement with Grid Subject Matter Experts, LLC (GridSME) to December 31, 2029, and increase the authorized amount by \$1.0 million to a new not-to-exceed limit of \$1.245 million.

  
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Keith Nobriga  
Group Manager, Integrated Operations  
Planning & Support Services

3/25/2025  
Date

  
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Deven Upadhyay  
General Manager

3/25/2025  
Date