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# Minutes

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**To:** NCPA Facilities and Finance Committees  
**From:** Cheryl Bolt  
**Subject:** February 11, 2026 Special Joint Facilities and Finance Committee Meeting Minutes

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- 1. Call meeting to order & Roll Call** – The joint meeting was called to order by the Facilities Committee Chair Weston Groves (Roseville) at 9:06 am.

**Facilities Committee:** Attending via teleconference and on-line presentation were Alan Harbottle, Midson Hay, and Ben Rings (Alameda), Jared Carpenter (Healdsburg), Melissa Price (Lodi), Michael Luther (Lompoc), Lena Perkins and Vicente Rios (Palo Alto), Nathan Tang (Port of Oakland), Joseph Sloan (Redding), and Basil Wong, Paulo Rocha, Paulo Apolinario, and Pia Sok (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Gridley, Plumas Sierra, Shasta Lake, TID, and Ukiah were absent. A quorum of the Facilities Committee was not established at the time of roll call. Committee Member Jared Carpenter (Healdsburg) joined the call at 9:13 am, which established a quorum of the Facilities Committee.

**Finance Committee:** Attending via teleconference and on-line presentation for the Finance Committee were Teri Alderson (Alameda), Katie Edgar (Healdsburg), Melissa Price (Lodi), and Kenn Lee, Tien Truong, and Paul Harper (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. A quorum of the Finance Committee was established at the time of roll call.

## PUBLIC FORUM

No public comment.

## INFORMATIONAL ITEMS

- 2. Overview of the FY 2027 Annual Budget** – Administrative Services staff provided an informational overview and presented a summary of the Agency's FY 2027 proposed budget; with no changes made to the methodologies.

The Commission provided direction in October 2025 for the FY 2027 budget, and staff began budget preparation in November 2025, with no changes recommended to the budget approach. Meetings were scheduled for Member review beginning with the Facilities, Finance, LEC PPC, and Legislative Committees in February, and continuing in March at the Utility Directors meeting.

NCPA Commissioners will receive a budget preview at the March 26, 2026 meeting. The final review and approval is scheduled for April 23, 2026.

The budget is prepared on a project/program basis. Allocated costs (Power Management, L&R, Judicial Action, A&G, and direct allocations) will use previously approved methods, with no proposed changes at this time, but will be reviewed internally. Reserves and program security deposits are based on agreements and/or Commission direction. There will be continued focus on NCPA controllable costs and aligning budgets with expectations and previous actuals.

▪ **FY27 Budget Trends**

- Forward curve is seeing relatively stable power pricing compared to FY26 which is subject to weather
  - Reduced generation revenue resulting in higher net costs
  - Offset by higher Net Load Costs
- Transmission
  - Increased volume and price resulting in higher costs
- Fuel
  - Softer prices and reduced volumes resulting in lower fuel related costs
- Salaries & Benefits – Salaries and Benefits are 3.6m higher than the FY26 budget by 6.3%. Wages are up \$2.8m (8.3%), Pensions are up \$258k (1.9%), Medical is up \$475k (8.7%). Target range of approximately 1.5 million increase due to:
  - Third year MOU contracts, with 4% increase beginning January 1, 2027
  - Compaction/structure adjustment for unrepresented staff of 3%
  - Merits (0-3%) based on annual performance, end of probation, and/or promotions
- PERS Pension (UAL pressure)
  - Normal cost decreased from 10.72% to 10.63%
  - 15y UAL \$700k higher than the prior year (Year 8 of 15)
- OPEB (relatively flat)
  - Continuation of funding at the normal cost

**3. Generation Services FY2026 Budget Presentation** – Generation Services staff provided informational presentations on Generation Services Facilities initial proposed budget for FY 2027.

▪ **Generation Services: Administration**

- Overall, the FY 2027 proposed budget remains relatively unchanged from the FY 2026 budget, with only a few minor exceptions. The Engineering assumptions include support for two engineering reports, if needed for evaluations and root cause analysis findings. A new line item to the budget for Communications Consultant is to support any needed crisis communications. A \$150k increase in Legal funds is projected for 2027 in connection with plant agreements. Preliminary Studies & Investigation funding of \$189,100 is recommended for FY 2027 to restore the balance to \$300,000 earmarked for potential BESS investigations, however, these funds may be reimbursed in Phase Two. The overall increase to the Generation Services Administrative budget is 3%

▪ **Generation Services: Combustion Turbine No. 1**

- Staff reviewed the budget assumptions that were key factors in creating and estimating projected costs. The units continue to operate reliably. Turbine spare components were acquired from the City of Roseville for use as needed. Future opportunities for combustor upgrade from PSM, with the ability to burn a blend of 65% H2 and lower Nox and CO emissions to single digit without catalyst was shared. The vendor is currently working towards 100% H2, referred to as HyFlexGT. A considerable decrease in fuel costs are noted primarily due to lower MWhr's by 55%, which means lower operating hours and

unit starts. Market pricing is soft and demand is lower on the CAISO grid. Total routine O&M costs of \$3,556,762 is projected for FY27, which is a \$799,297 decrease over last year's budgeted O&M costs. Key drivers in the 18% overall O&M costs decrease is attributed to the decrease in MWhr production

- Net annual cost to Members is \$7,191,897 for an increase of \$545,689 due to a 52% decrease in revenues
- Staff reviewed the proposed FY 2027 O&M and Capital projects

▪ **Generation Services: Combustion Turbine No. 2**

- Staff reviewed the budget assumptions and reported that the debt for CT2 debt was paid off on August 1, 2025. While CT2 is no longer operational, the plant manager reported next steps for the repowering of CT2. The LM6000 unit is capable of burning 100% H2 by volume. Next steps include obtaining City approvals and issuing an RFP for the OEM, with several RFPs already released. The CAISO interconnection review is currently underway. The air permit has been issued by the SJVAPCD, and Rule 3171 will not apply to the LM6000 as it meets clean unit criteria. An engine inquiry and down payment are pending receipt of a quote from GE, with pricing subject to market fluctuations driven by AI data center demand. Additionally, the Third Phase Agreement is currently in development
- The total O&M costs projected (does not include the Repower Project) are \$1,922,866 which is an estimated increase of \$40,054. A 2.0% increase in overall budget costs is projected for Total Routine O&M Costs
- The net costs to Participants with/without the GHG Transfer Credits is \$2,363,203
- There are not any O&M or Capital Projects budgeted for FY27 and a minimal amount of \$2,430 of O&M funds are budgeted for maintenance and other miscellaneous items

▪ **Generation Services: Geothermal Facilities**

- Staff reviewed the budget assumptions, which are based on the Power Management forecast
- The total Routine O&M proposed costs without labor are \$7,830,519 and the total O&M costs with labor is \$22,555,427, which is a potential increase of \$1,125,119, a 5.25% increase over FY26 budget. The total O&M costs are projected to be \$37,491,625, which is an increase of \$1,509,438 or 4.2% over FY26
- Total estimated project costs are \$18,550,615, which is an increase of \$10,181,527 from FY26
- The total proposed FY27 budget for Geo is approximately \$56,042,240, which is reflecting an increase of \$11,690,965 over FY26
- The Plant Manager reviewed the proposed O&M Project, Capital Projects, and Maintenance Reserve Projects with the Committee. Plant 1 & 2 Stretford maintenance has a greater need for repairs. The Cooling Tower Project will hopefully be repairing four circulating pumps, but there is a strong potential for total replacement. A spare pump and motor have been ordered this year to increase reliability. Also presented were items related to Capital Projects, Maintenance Reserve, which includes project funds for both the SPRITE well program and the pre-collection for overhauls and miscellaneous projects
- FY 2027 cost to Members = \$16,108,585 and the net benefit to Members (including REC's and RA) = \$5,662,066

▪ **Generation Services: Hydroelectric Facilities**

- Total Routine O&M costs are increasing by 5.6% or \$652,083 over FY 2026 primarily due to labor costs. Labor is increasing approximately \$501,231
- Total O&M costs are increasing by 1.9% or \$692,239 the primary driver being increases to Labor and Debt Service

- The proposed budget revenue assumptions is \$55,314,019 which is decreasing by \$2,907,886. This includes ISO energy sales, ancillary service sales and interest income. The annual net cost to Participants is approximately \$16,805,709 an increase of \$1,143,359
- The Plant Manager reviewed the FY 2027 proposed O&M Projects, with the Murphys office security fencing and the CV Runner purchase activities being the key contributors to the overall Project budget. Also reviewed were the General and Plant Projects and the Capital Development Reserve Projects. The Key Capital Project driver is the Water Studies associated with collection for Capital Reserves, and several FERC Re-licensing Projects
- A comprehensive 10-year project forecast was presented to the Committee itemizing each project and its projected costs over the next decade

#### **4. Power Management Budget Presentation**

- Staff presented the Power Management proposed budget for FY 2027. The budget includes costs associated with Power Management Administration, Dispatch and Scheduling, Pooling and Portfolio Management, and Industry Restructuring. The projected total budget for all programs is \$17,289,486, which is a \$944,673 increase over FY 2026. The major contributor driving the FY 2027 budget increase is a result of a request to add one FTE in the NDC Dispatch Center due to increase staffing bandwidth for the expanding portfolio. NCPA currently manages over 90 CAISO interconnected wholesale generation facilities, multiple watersheds and scheduled approximately 10% of the CAISO load at peak. The complexity associated with dispatching and monitoring this extensive and growing portfolio requires continuous active engagement
- There are no projects proposed for Power Management for FY 2027

#### **5. Administrative Services Budget Presentation**

- Staff provided an informational overview and presented the Executive/Administrative Services proposed budget for FY 2027
- The projected combined annual budget for Administrative and Executive services is \$23,909,014, increasing by approximately \$1,060,031. Primary contributors to the increase include Salaries and Benefits (merits, promotions, compensation study, and two new FTEs), Outside Services (increases associated with legal services for RFP reviews, IS system testing, and Risk Management compliance training), and Insurance costs (liability and property taxes).
- Allocation of administrative and general costs remains at 50%, each based on direct labor and program budget costs. Allocation of occupancy costs to the business units are based on square footage utilized (main admin bldg.), usage of office equipment, and telecommunications (based units assigned)

### **ADJOURNMENT**

The meeting was adjourned at 12:25 pm by the Facilities Committee Chair Weston Groves.

**Northern California Power Agency  
Special Joint Facilities & Finance Committee Meeting - February 11, 2026  
Attendance List**

NCPA Facilities and Finance Committee Members are requested to sign, but signature by members of the public is voluntary.

<u>MEMBER</u>	<u>NAME</u>
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	<i>Jayco Clary</i>
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	
ROSEVILLE	<i>Jeanne Cocchi</i> <i>Weston Graves</i> <i>Weston</i>
SANTA CLARA	
SHASTA LAKE	
TID	
UKIAH	

