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# Minutes

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**To:** NCPA Facilities Committee

**From:** Cheryl Bolt

**Subject:** February 12, 2025 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 Nick Rossow (Redding) at 9:04 am.

**Facilities Committee:** Attending via teleconference and on-line presentation were Alan Harbottle, Midson Hay, and Ben Rings (Alameda), Cliff Wagner (Biggs), Elisa Arteaga (Gridley), Terry Crowley (Healdsburg), Jiayo Chiang and Melissa Price (Lodi), Brad Wilkie (Lompoc), Shiva Swaminathan and Vicente Rios (Palo Alto), Peter Lorenz (non-voting Rep. with TID), and Cindy Sauers (Ukiah). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Plumas Sierra, Port of Oakland, Shasta Lake, and TID were absent. A quorum of the Facilities Committee was established at the time of roll call.

**Finance Committee:** Attending via teleconference and on-line presentation for the Finance Committee were Teri Alderson (Alameda), Katie Edgar (Healdsburg), Melissa Price (Lodi), Joanna Cucchi (Roseville), and DeAnna Hilbrants (Santa Clara). A quorum of the Finance Committee was established at the time of roll call.

## **PUBLIC FORUM**

No public comment.

## **DISCUSSION / ACTION ITEMS**

2. **NCPA Geothermal Facility – Geo C-Site Condensate Tank Replacement Project** – The Plant Manager gave an update on the project and reported that the C-Site condensate collection tank is nearing end of life and is rusted in several places. The Plant Manager reported that failure of the tank could lead to potential environmental, health, and safety risks. The overall objective of the project necessitates removal and disposal of the existing C-Site tank, fabrication and installation of a new tank, hook-up of external piping to the new tank, painting the outside of the tank, and external piping. Staff is seeking a recommendation from the Facilities Committee for Commission approval of the Geothermal C-Site Condensate Tank Replacement Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the project in accordance with NCPA purchasing policies and procedures, without further approval by the Commission, for a total not to exceed \$300,000, to

be funded from the approved FY 2025 Geothermal Budget and the Geothermal Maintenance Reserve Fund, and authorization to spend \$100,000 from the Maintenance Reserve fund for this work.

**FISCAL IMPACT:**

The total cost of this project is anticipated not to exceed \$300,000. Funding to complete the C-Site Condensate Tank Replacement Project will come from the combined use of funds from the approved FY 2025 Geothermal budget and the Geothermal Maintenance Reserve Fund; \$200,000 from the FY2025 Budget has been allocated to fund this project and \$100,000 from the Geothermal Maintenance Reserve Fund is also requested to fund this work.

**Motion:** A motion was made by Basil Wong and seconded by Cindy Sauers. The motion carried by a majority of those Committee Members present on a roll call vote as follows: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Roseville, Santa Clara and Ukiah. ABSTAIN = Palo Alto and Redding. The motion passed.

**INFORMATIONAL ITEMS**

**3. Overview of the FY 2026 Annual Budget** – Staff provided an informational overview and presented a summary of the Agency’s FY 2026 proposed budget.

- Commission direction was received in October 2024 for the FY 2026 budget and staff commenced the budget preparation in November of 2024. Meetings were scheduled for Member review beginning with the Facilities, LEC PPC, and Legislative Committees in February, and continuing in March at the Utility Directors meeting. NCPA Commissioners will receive a budget preview in the March meeting. The final review and approval is scheduled for April 24, 2025.
- 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. 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.

▪ **FY26 Budget Trends**

- Forward curve softer than FY25 which usually results in lower revenues
  - Reduced generation revenue resulting in higher net costs
  - Offset by lower Net Load Costs
- Transmission
  - Increased volume and price resulting in higher costs
- Fuel
  - Softer prices than FY25 resulting in lower fuel related costs
- Salaries & Benefits – Union contracts resulted in aggressive negotiations
  - Union contract implementation
  - Unrepresented and Dispatch comp study implementation
    - 2025 ½ year impact
    - 2026 full year impact
  - Increased PERS UAL contribution consistent with 15-year amortization plan
  - Increased normal cost of OPEB contributions (no UAL)
- Expect to see increases to insurance costs by \$233k. Salaries and Benefits are higher than FY25 budget by 10.6%. Wages are up \$2.4m (8.1%), Pensions are up \$1.8m (\$18.2%), Medical is up \$947k (22.86%). Regular and Operating Plant costs are targeted to increase by 3.0%. Transmission costs are based on the published rates, which is estimated during

the budget preparation. CAISO energy load costs are based on forecasted load x Dlap price, which is based on the forward curve.

**4. Generation Services FY2026 Budget Presentation** – Staff provided informational presentations on Generation Services Facilities initial proposed budget for FY 2026.

▪ **Generation Services: Administration**

- Overall, the FY 2026 proposed budget remains relatively unchanged from the FY 2025 budget, with only a few minor exceptions. Due to inflation, there is a 23% increase associated with the CMMS licensing fees and a very small increase associated with Membership fees and Labor reflects a 13% increase. The overall increase to the Generation Services Administrative budget is 12%

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

- Staff reviewed the budget assumptions that were key factors in creating and estimating projected costs. 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 discussed. The vendor is currently working towards 100% H2. A continued rise in fuel costs continue due to the various mandates and standards in California. A 97% increase in fuel costs is estimated compared to what was budgeted for in FY25. Total routine O&M costs of \$4,328,727 is projected for FY26, which is a \$927,622 increase over last year's budgeted O&M costs. Key drivers in the 27% overall O&M costs increase is attributed to fuel and labor
- Net annual cost to Members is \$4,667,412, for an increase of \$24,135 due to a 129% increase in revenues
- Staff reviewed the proposed FY 2026 O&M projects

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

- Staff reviewed the budget assumptions and reported that the debt for CT2 debt was paid off last year (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
- The total O&M costs projected (does not include the Repower Project) are \$2,319,921, which is an estimated decrease of \$4.3m. Decommissioning costs added to collect \$22.5m. Collection was reduced from \$4.6m. A 3% increase in overall budget costs is projected
- The net costs to Participants with/without the GHG Transfer Credits is \$6,913,969
- There are not any O&M Projects budgeted for FY26 and a small amount (\$10k) of Capital funds are budgeted for a vehicle replacement, as part of the Advanced Clean Fleets Regulation.

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

- The CT2 Repower 2<sup>nd</sup> Phase Agreement was approved by NCPA Commissioners on January 23, 2025. The Commission has authorized the Project Managers to issue purchase orders and to utilize CT2 reserves
- The Proposed Operating costs that are being budgeted are \$5,118,964, in which the largest drivers being engineering and engine and controls costs

▪ **Generation Services: Geothermal Facilities**

- Staff reviewed the budget assumptions, which are based on Power Management forecast
- The total Routine O&M proposed costs without labor are \$7,541,897 and the total O&M costs with labor is \$21,450,972, which is a potential increase of \$1,544,613, a 7.8%

increase over FY25 budget. The total O&M costs are projected to be \$36,206,844, which is a decrease of \$346,217k or 1% over FY25

- Total estimated project costs are \$8,369,099, which is a decrease of \$2,813,364 from FY25.
- The total proposed FY26 budget for Geo is approximately \$44,575,972, which is reflecting a decrease of \$2,467,147, or a 5.5% over FY25
- The Plant Manager reviewed the proposed O&M Project, Capital Projects, and Maintenance Reserve Projects with the Committee. Plant 1 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 is also recommended for reliability. Also presented were items related to Capital Projects, Maintenance Reserve
- FY 2026 cost to Members = \$4,687,122 and the net benefit to Members (including REC's and RA) = \$46,228,397

▪ **Generation Services: Hydroelectric Facilities**

- Total Routine O&M costs are increasing by 7.4% or \$816k over FY 2025 primarily due to labor costs. Labor is increasing approximately \$796,199
- Total O&M costs are increasing by 2.8% or \$1,023,086, the primary driver being increases to labor and insurance costs
- The proposed budget revenue assumptions is \$58,543,654, which is decreasing by \$103,464k. This includes ISO energy sales, ancillary service sales and interest income. The annual net cost to Participants is approximately \$15,984.099, an increase of \$12,421,713
- The plant Manager reviewed the FY 2026 proposed O&M Projects, with the CV Clarks Creek Mitigation and the CV Runner Replacement activities being the key contributors to the overall Project budget. Also reviewed was the General and Plant Projects, Capital Development Reserve Projects. Key Capital Project drivers are the McKays Reservoir cleanout Project and the FERC Relicensing Projects No's 11563, 2409, and 11197
- A comprehensive 10-year project forecast was presented to the Committee itemizing each project and its projected costs over the next decade.

**5. Power Management Budget Presentation** – Staff presented the Power Management proposed budget for FY 2026.

- 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 \$16,435,230, which is a \$1.2m decrease over FY 2025. The major contributor driving the FY 2026 budget decrease was a result of a one-time return of budgetary funds that were previously allocated from the Power Management FY 2025 budget for the new DRC associated costs. The funds were spread across the various Power Management programs, such as Schedule Coordination, System Control and data Acquisition, WECC/NERC Compliance, and Western Representation
- There are no projects proposed for Power Management for FY 2026

**6. Administrative Services Budget Presentation** – Staff provided an informational overview and presentation on Administrative Services proposed budget for FY 2026.

- The projected combined annual budget for Administrative and Executive services is \$22,739,529, decreasing by approximately \$2,069,291, which reflects a one-time DRC project costs. Increases include Salaries and Benefits by 7.8% compared to FY 2025 budget (merits, promotions, compensation study, and a new FTE), Outside Services (increases associated with outside third party tariffs with TANC, CVP, BAMx and HCI), Insurance costs (Liability), Computer Hardware/Software/Communications (new timesheet app and DRC fiber installation).

- 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 2:25 pm by the Committee Chair.

**Northern California Power Agency  
Special Joint Facilities & Finance Committee Meeting - February 12, 2025  
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	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	Nick Rossow
ROSEVILLE	Brian Schinstock
SANTA CLARA	Paul W. J.
SHASTA LAKE	
TID	
UKIAH	

## Attendance List

signature by members of the public is voluntary.

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