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# Minutes

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**To:** NCPA Facilities Committee  
**From:** Carrie Pollo  
**Subject:** October 2, 2024 Facilities Committee Meeting Minutes

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- 1. Call meeting to order & Roll Call** – The meeting was called to order by Committee Chair Shiva Swaminathan (Palo Alto) at 9:06 am. Attending via teleconference and on-line presentation were Midson Hay and Ben Rings (Alameda), Ross Pippitt (Gridley), Brad Wilkie (Lompoc), Jim Stack (Palo Alto), and Colin Selby (TID). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Healdsburg, Plumas-Sierra, Port of Oakland, Redding, Santa Clara, Shasta Lake, and Ukiah were absent. A quorum of the Committee was not established at the time of roll.

Due to scheduling conflicts, item 4 and item 17 were presented first. During the presentation of item 17 other Committee Representatives joined the meeting. At 10:02 am another roll call was taken. Terry Crowley (Healdsburg) and Basil Wong (Santa Clara) had joined the call, thus establishing a quorum.

## **PUBLIC FORUM**

No public comment.

## **OPEN SESSION**

## **DISCUSSION / ACTION ITEMS**

- 2. Approval of Minutes from the September 4, 2024, Facilities Committee meeting and the September 17, 2024, Special Facilities Committee meeting.**

**Motion:** A motion was made by Brad Wilkie and seconded by Basil Wong recommending approval of the minutes from the September 4, 2024, Facilities Committee meeting and the September 17, 2024, Special Facilities Committee meeting. A vote was taken by roll call: YES = Alameda, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. The motion passed.

- 3. All NCPA Facilities – Hill Brothers Chemical Company MTEMS** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Hill Brothers Chemical

Company for chemical purchases, with a not to exceed amount of \$2,500,000, for use at all facilities owned and/or operated by NCPA.

This is a current NCPA vendor whose agreement is expiring. NCPA has utilized this vendor in the past and has a good working relationship with this vendor. NCPA desires to enter into this agreement so established terms and conditions are in place should this vendor be the successful bidder on future purchases. This enabling agreement does not commit NCPA to any expenditure of funds. At the time services are needed, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. NCPA has agreements in place for similar purchases with Brenntag Pacific, Inc., Industrial Solution Services, Northstar Chemical, Thatcher Company of California and Univar Solutions. A draft Commission Staff Report and agreement were available for review. It is recommended to place this item on the Commission Consent Calendar.

**Motion:** A motion was made by Midson Hay and seconded by Shiva Swaminathan recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Hill Brothers Chemical Company for chemical purchases, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,500,000 over five years, for use at any facilities owned and/or operated by NCPA. A vote was taken by roll call: YES = Alameda, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. The motion passed.

- 4. All NCPA Facilities – CEQA Notice of Exemption Filings** – Staff presented background information and was seeking a recommendation for Commission approval authorizing the General Manager or his designee to file with the appropriate County Clerks the California Environmental Quality Act (CEQA) Notice(s) of Exemption (NOEs) for routine operation and maintenance activities at the NCPA Plant Facilities.

Certain types of projects are exempt from CEQA. Two types of exemptions are established under CEQA: statutory and categorical. Statutory exemptions have been created under state law and, to the extent that a project fits within one of those exemptions, the lead agency is not required to examine or mitigate the project's potential impacts. Categorical exemptions are established by the Resources Agency as part of the CEQA Guidelines. They are limited to classes of activities that usually do not result in significant impacts on the environment and cannot be used if there is a reasonable possibility that the project may have a significant impact.

Currently there are 33 classes of categorical exemptions under the CEQA Guidelines. Examples of activities range from 'operation, repair, maintenance, permitting, leasing, licensing, or minor alternation of existing public or private structures, facilities, mechanical equipment' not expanding existing uses (Class I) to 'installation of certain cogeneration equipment with a capacity of 50 megawatts or less at existing facilities' (Class 29).

A majority of routine activities at NCPA's power plants fall within the definition of classes 1, 2, 3, 4, 9, 11, and 12 'Categorical Exemptions' listed in the State CEQA Guidelines (Sections 15301–15333). Staff proposes to meet the CEQA Guidelines for these types of activities by filing the NOEs with the respective County Clerks where the plants are located. Once filed, staff would continue to conduct the identified and similar activities. These exemptions do not apply to activities that constitute a significant expansion or where there is a reasonable possibility that the project may have a significant impact on the environment per the requirements of State CEQA Guidelines Section 15300.2. For activities not qualifying for exemptions, staff will strictly follow the appropriate CEQA procedures.

Due to the lack of a quorum, no formal action was taken. However, the Members present at the

meeting voiced their support of the recommendation for Commission approval authorizing the General Manager or his designee to file with the appropriate County Clerks the California Environmental Quality Act (CEQA) Notices(s) of Exemption (NOEs) for routine operation and maintenance activities at the NCPA Plant Facilities. This item will move forward to the next Commission Meeting scheduled for October 24, 2024 on the Commission Consent Calendar.

**5. All NCPA Facilities – Property Insurance Program Renewal for CY2025** – Staff presented background information and was seeking a recommendation for Commission approval to renew the Agency's property insurance program for CY2025.

One of the goals identified in the 2021-2026 Strategic Plan was to develop a long-term, cost-effective insurance coverage strategy while building solid relationships between the Agency and its insurers. For the last three years, the Agency has created a valued partnership with FM (formerly FM Global), which has helped build resiliency across NCPA assets by providing loss control engineering in addition to policy coverages. However, staff instructed the Agency's broker, Alliant, to present the property program to the insurance markets to ensure the Agency was still achieving a cost-effective program. At the same time, staff worked closely with FM to obtain a renewal quote for CY2025. Fielding multiple renewal proposals aims to maximize the value of the Property Insurance program while minimizing the fiscal impacts on the Agency.

Over the last two calendar years, the Agency has experienced several unforeseen losses, detailed in the table below. During this period, the Agency made claims for property and business interruption losses above \$12,300,000, recovered over \$8,300,000, and paid \$4,000,000 in deductibles. The total amount collected by the Agency from claims represents 71% of gross premiums collected by FM since CY2022 or 106% since CY2023. Loss history is a significant contributor to how an insurer rates the risk of an insurance program and, subsequently, is one of the main drivers of premiums. Claims stay under the loss history for 5 years.

**Alliant Proposal**

Alliant solicited the property insurance markets to obtain a not-to-exceed quote for the Agency's property assets. AEGIS, the prior property insurance provider, indicated a premium between \$6,500,000 and \$7,500,000, where AEGIS would take 40% of the program and layer additional insurers to reach 100% coverage. In addition, AEGIS would impose a \$10,000,000 deductible for any wildfire loss while leaving the existing deductibles unchanged.

**FM Proposal**

FM is the current incumbent providing property insurance for the Agency's property assets. Due to the Agency's loss history, FM is seeking a rate increase of 24.6% over the expiring premium. FM presented staff with two proposals for the renewal of the CY2025 Property Insurance. Option one is to make no changes to the program and keep the deductibles at the current levels (\$1m/\$2m LEC turbine). Option two is to raise all current deductibles to \$3,000,000, resulting in a \$400,000 premium credit. During discussions with FM, they indicated that the \$1m/\$2m deductibles would not be an option for the CY2026 renewal and that \$3,000,000 is appropriate for a power generation client.

The property insurance premium is allocated based on the total insured value, calculated as Property Value + BI. Based on the recommendation of selection Option 2, the expected CY2025 Property Insurance Renewal Premium is at a not-to-exceed of \$5,100,000. NCPA's commitment is an NTE of \$3,300,000, while LEC's is an NTE of \$1,800,000 for the CY2025 renewal. It is recommended to place this item on the Commission Consent Calendar.

**Motion:** A motion was made by Basil Wong and seconded by Shiva Swaminathan recommending Commission approval authorizing the General Manager to negotiate and bind Property insurance coverage with FM for CY2025 at a not-to-exceed premium of \$5,100,000. A vote was taken by roll call: YES = Alameda, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. The motion passed.

- 6. NCPA CT Facilities – 2025 Combustion Turbine Facilities Switchyard Relays Upgrade Project** – Staff presented background information and was seeking a recommendation for Commission approval authorizing the 2025 Combustion Turbine Facilities Switchyard Relays Upgrade 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 cost not to exceed \$544,391.95, and authorizing encumbrance and reallocation of the FY24 CT1 Controls and Excitation funding in the amount of \$350,891.95 to help the Project (pending NCPA encumbrance processing), and authorizing the use of up to \$193,500 from the FY25 CT1 Outage budget for remaining Project funding.

NCPA's Combustion Turbine Facilities electrical protection systems, which were originally installed in 1985, are aged and obsolete. The current systems are no longer supported by the OEM, and it is becoming increasingly difficult to source parts and service for these systems. Per NERC standards, calibration and testing must be performed every six (6) years. NCPA completed a similar project at CT1 Lodi in January 2024.

Successful completion of this project will future-proof the CT1 Facilities. The subsequent updated electrical protection methods, studies, and hardware will allow for safer and more reliable operations of the CT units. Additionally, the installation of new, modern components will allow for expanded parts availability and increased product support. Related plant documentation will be updated, ensuring NCPA continues to meet regulatory compliance standards and have better troubleshooting for plant electrical trips. With the current equipment, NERC-required maintenance and inspections must be completed every six (6) years. Installation of the new equipment will decrease required frequency intervals to every twelve (12) years.

**Motion:** A motion was made by Jiayo Chiang and seconded by Midson Hay recommending Commission approval authorizing the 2025 Combustion Turbine Facilities Switchyard Relays Upgrade 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 cost not exceed \$544,391.95, and authorizing encumbrance and reallocation of the FY24 CT1 Controls and Excitation project funding in the amount of \$350,891.95 to the 2025 Combustion Turbine Facilities Switchyard Relays Upgrade Project (pending NCPA encumbrance processing), and use of up to \$193,500 from the FY25 CT1 Outage budget for project funding. A vote was taken by roll call: YES = Alameda, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. The motion passed.

- 7. NCPA Geo Facility – U.S. Bureau of Land Management Lease Renewals** – Staff presented background information and was seeking a recommendation for Commission approval authorizing the General Manager or his designee to execute the Geothermal Site Lease renewal and any associated forms, with any non-substantial changes as approved by the NCPA General Counsel, to allow NCPA to continue to operate its Geothermal facilities.

The Northern California Power Agency (NCPA) operates and maintains on behalf of the project owners a Geothermal Facility near Middletown, CA, consisting of two geothermal power plants,

NCPA 1 and NCPA 2, with 78 steam and water injection wells located on land owned by the BLM. NCPA's ability to operate and maintain the geothermal power plants and wells on this land was established through two Steam Field Lease Agreements, CACA 949 and CACA 950 (the lease agreements), both of which became effective on August 1, 1974, and carried a term of 40-years.

The original lease agreements gave NCPA preferential rights to renew as long as NCPA notified the BLM prior to the expiration of the lease agreements. NCPA sent a letter to the BLM dated November 7, 2023 stating its desire to renew the steam field lease agreements for an additional 40-year term. As a condition of renewal, the BLM requested that NCPA conduct biological, botanical, and cultural surveys to document natural and cultural resources. NCPA solicited quotes from several environmental engineering firms and this work was awarded to HDR Engineering. HDR Engineering provided a draft cultural survey report on July 29, 2024. The remaining draft reports for the biological and botanical surveys are due for completion by November 7, 2024.

Although the final biological, botanical, and cultural reports are not completed, the BLM has granted renewal of the lease agreements while allowing completion of the surveys post renewal. A copy of the BLM Decision – Lease Renewal Granted dated August 1, 2024, is attached and requires execution on behalf of NCPA.

The terms and conditions of the lease agreements remain substantially the same as the original lease agreements with two notable differences:

- The original royalty rate was 12.5%; the rate was reduced in 1994 to 11.25% with the introduction of wastewater from the Southeast Geysers Effluent Pipeline (SEGEP). The lower rate remains in effect as long as NCPA continues to receive delivery of SEGEP wastewater. A copy of the BLM's Decision – Royalty Reduction Granted, dated May 19, 1994, is attached for reference.
- Renewal of the lease agreements is extended for an additional 40-years from August 1, 2024, the date of the BLM Decision – Lease Renewal Granted, and so long thereafter as geothermal steam is produced or utilized in commercial quantities. The August 1, 2024 Decision incorporates Lease Terms and Special Stipulations and Conditions NCPA – Geysers KGRA.

Staff also attached to this staff report a copy of the BLM Guidelines for Vegetation Management and a copy of the BLM approved Geothermal Sundry Notice re firebreaks dated July 31, 2019, to provide clarification for the Special Stipulations and Conditions.

**Motion:** A motion was made by Brian Schinstock and seconded by Jiayo Chang recommending Commission approval authorizing the General Manager or his designee to execute the Bureau of Land Management (BLM) Decision – Lease Renewal Grant dated August 1, 2024, which extends the Geothermal Steam Field Lease Agreements CACA 949 and CACA 950 for an additional 40-years and other modified terms, with any non-substantial changes recommended and approved by the NCPA General Counsel. A vote was taken by roll call: YES = Alameda, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. The motion passed.

## **INFORMATIONAL ITEMS**

- 8. New Business Opportunities** – Staff reviewed key projects from the proposals received for the Renewable Energy Resources and Energy Storage Resources. The projects are listed below.

- Vine Hill – 50% Share
  - 4.4 MW Solar
  - Status: LOI executed; currently drafting PPA
- Terra-Gen Discovery
  - 50 MW Index + PPC1
  - Status: Meeting with Terra-Gen today
  -
- Las Camas
  - 200 MW Solar + 100 MW BESS
  - Status: Draft LOI provided to Seller for consideration
- Maestro
  - 200 MW Solar + 100 MW BESS
  - Status: Draft LOI provided to Seller for consideration
- Trolley
  - Up to 400 MW BESS
  - Status: LOI executed; currently drafting PPA
- Wildcat
  - 100 MW PV (with up to 100 MW BESS Option)
  - Status: Seller to provide additional information

**9. NCPA Disaster Recovery Center Update** – On Sept. 27, 2024 the NCPA Commission approved the resolution requesting authorization for the General Manager to the Execute Public Works construction agreement, issue purchase orders, sign contracts and take all necessary actions needed to carry out the construction, office furniture procurement and Dispatch Console procurement and agreements related to this project. The RFP AS-2405 for Dispatch Console Furniture was released on September 23, 2024 with the bid opening date October 24, 2024 at 2:00 pm.

The building and fire permits were submitted to Sacramento County and Sac. Metro Fire on July 15, 2024. Plan review notification from Sacramento County was received on August 20, 2024 by Lionakis. Lionakis is engaged with the planning department in addressing the comments. Lionakis will resubmit to Sacramento County no later than September 26, 2024.

### **Project Schedule**

- Notice of Intent to Award on September 30
- Notice to Proceed around October 4
  - DPR will have 10 days to begin
- Receive permit around October 8
- Construction timeline October 14, 2024 – March 31, 2025
  - Contract time is ~169 consecutive calendar days from the start date
  - Change orders could push the expected completion date
  - Generator completion may be slightly delayed due to supply chain issues
  - Begin decommissioning efforts in February/March 2025
    - Minimize DRC disruption of services during the transfer and validation, estimated to be 5 business days

**10. FY2024 Annual Billing Settlements Review** – Staff presented a draft of the FY2024 Annual Billing Settlement and encumbrances for the period of July 1, 2023, through June 30, 2024.

After internal accounting review, the final draft of the FY 2024 Annual Billing Settlements was reviewed by the Facilities Committee. The draft results include an approximate \$1.5 million refund from plant operations, and approximately \$1.5 million refund coming from management

services. Pass-through costs, and third-party revenues still need to be determined. Encumbered funds for FY 2024 total \$5.3 million.

These draft results will be presented to the LEC PPC on October 7, 2024. The next step is to present to the Utility Directors at the October 10, 2024 UD meeting. The final version of the FY 2024 Annual Billing Settlements will be presented to the Facilities Committee at the November 4, 2024 Facilities Committee meeting. Staff will be seeking a recommendation for Commission approval at that time. After that it will be presented to the LEC PPC for approval, and again to the UDs in November. Staff will be seeking Commission approval at the December 5, 2024 Commission meeting.

**11. Overview of FY2026 Budget Process and Approach** – Staff presented an overview of the FY2026 Budget process and recommended operating budget directions.

The proposed budget approach will continue with review of the draft budgets through the Facilities, LEC PPC, and L&R Committees, and UD meetings, seeking a recommendation for Commission approval. February review will be a combined meeting with the Facilities and Finance Committees. The budget is prepared on a project/program basis. Allocation for all allocated costs are Power Management, Legislative and Regulatory, Judicial Action, Administrative and General, and direct allocations. Previously approved methods will continue to be used at this time with focus on NCPA controllable costs and aligning budgets with expectations and previous actuals. Reserves and Program Security Deposits will be based on agreements and/or Commission direction. Staff will continue to focus on NCPA controllable costs and aligning budgets with expectations and previous actuals.

**12. NCPA Generation Services Plant Updates** – Plant Staff provided the Committee with an update on current plant activities and conditions.

**Hydro** – During the month of September, Collierville (CV) Power House was at 97% availability due to outages from September 7 – 8 for GSU bushing testing and September 25 for collector ring brush work. New Spicer Meadows (NMS) Powerhouse was at 86% availability due to annual maintenance outages during the first three weeks of the month and a PG&E TIGO on September 25. The monthly generation profiles for CV and NMS were shared with the Committee. The New Spicer September annual maintenance outages have been completed for units one, two, and three. A draft agreement has been provided to a private land owner for the McKay's sediment transfer. The Collierville annual maintenance outage included contractors on site for tailrace, GSU, 480V breaker replacement, and divers for McKays Reservoir.

**New Spicer Meadows Reservoir Storage**

- 12,724, acre feet decrease (8%) month-over-month
- 152,813-acre feet to 140,089-acre feet
- 74% capacity

**Current Events**

- CCWD cancelled planned September 16th meeting
  - Rescheduled to October 14th
- DOE 247 Grants: submitting SOPOs to DOE today
- McKays Part 12 inspection conducted yesterday
- Spicer Part 12 underway today
  - PFMA L2RA workshop January 13-31

**Geo** – The average net generation for the month of September was 75.9 MW. The total net generation was 54.7 GWh. FY 2024 net generation goal = 640.8 GWh. FY forecast net generation = 408.2 GWh YTD. The FY actual net generation = 410.6 GWh at 0.6% above the forecast. Plant 1 Unit 2 included vibration testing which was going well, but then tripped. Seal failure has been identified as the root cause involving the following failure mechanisms: The installation process including technique and peening, seal groove variation, the proof testing process, seal and caulking size, and seal and caulking materials. Recommendations are listed below:

- Final seal installation be performed by an experienced individual who has installed L-seals before with oversight by experienced station or third-party personnel. *In Progress*
  - The install process should include frequent pull tests of caulking and seals around the full circumference of the rotor for every seal installed. *In Progress*
  - All clearances should be checked and compared to previous values and increased to the high side of the allowable values as much as possible. *Scheduled*
  - Clearance checks and alignment should be performed by an experienced group with oversight by experienced station or third-party personnel. *Scheduled*
  - Plant startup monitoring should be performed using the advanced vibration monitoring system and compared to the data to that of the previous unsuccessful startup. *Scheduled*
- **Key Projects Updates**
- Plant 2 – Fire System Alarm Annunciators – **Project Kickoff Meeting completed in September – Start state is October 14, 2024**
  - Plant 2 – MCC 480V Project – Install in 2025 – **Construction Bid Package by November 1, 2024**
  - Plant 2 – Cooling Tower Fans & Stairs – FY 2024/2025 – **Scheduled to start in November**
  - SEGEP Air Compressors – **Air Comp and Miscellaneous Parts were ordered in June – Ongoing**

**CTs** – CT1 had 10 Ghost starts and 8 actual of 16 forecasted. FYTD total is 80 starts. CT2 had 6 starts of 16 forecasted. FYTD total is 26 starts.

- **Outages**
- **CT1 Lodi** – 9/29/24 @ 2114 thru 10/1/24 @ 1600, Allen Bradley Flex 5000 I/O control modules operate our BOP (gas comp, water plant) and communicates via Modbus to our main Micronet turbine controller. Unfortunately, an internal network communication issue started happening during that evening. Unit was forced out to allow our tech's time to troubleshoot and call for support from Drake Controls and Allen Bradley. OMS 16279827.
  - **CT1 Alameda U1/U2** – Available
  - **CT2 STIG** – Forced outage on 9/30/24 @ 1457 thru 1626, due to LEC B gas compressor leak. This was a precautionary measure as the wind was pushing gases towards CT2 inlet while unit was online.
- **CT1 Lodi Run Hours**
- YTD hours 104.40 of 200 Allowed (based on calendar year)
- **CT1 Alameda Diesel Hours**
- U1= 6.05 hrs. of 42 (during any consecutive 12-month period)
  - U2= 3.49 hrs. of 42 (during any consecutive 12-month period)



- **Planned Outages**
  - CT1 Alameda U1/U2- January 1 – 31, 2025
  - CT2 - April 1 – 30, 2025
  - CT1 Lodi – May 1 – 31, 2025
- **Safety**
  - No issues to report
- **Environmental**
  - No issues to report

Staff reviewed the CAISO Commitment Runs for September 2024.

### 13. Planning and Operations Update

- **Pending Integrations**
  - Lodi Strategic Reserve Resource – Pending COD
  - Scarlett II – December 2024
  - Other PV / BESS integrations
- **Resources Integrate**
  - Scarlet – 100 MW PV / 30 MW BESS (EBCE)
  - Scarlet – 100 MW PV / 30 MW BESS (SJCE)
  - Yellow Pine II – 65 MW PV / 32 MW BESS (SJCE)
  - Proxima – 70 MW PV / 32 MW BESS (SCPA)
  - Sagebrush – 59 MW BESS (SCPA)
  - Tumbleweed – 50 MW BESS (EBCE)
  - Middle River Project – 99.4 MW RA / Energy Hedge (EBCE)
  - Malaga – 96 MW RA / Energy Hedge (EBCE)
- **Market Readiness**
- **Resource Development**
  - ZWEDC – pending PPA execution
  - NCPA Renewable RFP – Under Review
- **Ongoing daily operational activities**



**14. Next Meeting** – The next regular Facilities Committee meeting is scheduled for November 6, 2024.

### ADJOURNMENT

The meeting was adjourned at 12:15 pm by the Committee Chair.

**Northern California Power Agency  
 October 2, 2024 Facilities Committee Meeting  
 Attendance List**

NCPA Facilities 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	
ROSEVILLE	
SANTA CLARA	
SHASTA LAKE	
TID	
UKIAH	

