Review of Nexant Cost Determinants for FY 2018

NCPA Facilities Committee Meeting
January 25, 2017
FY 2018 Nexant Cost Allocation Model Topics

- Review and finalize current year Nexant Cost Allocation Model results with updated Calendar Year 2016 data;
- Identify and review source of changes to members’ costs that result from change in determinants;
- New System of Record with Deal Manager as replacement to Trade Manager deal capture system

*Note:* This review does *not* include FY 2018 Budget Amounts or anticipated, recommended changes to Nexant Model allocators.
Nexant Cost Allocation Model Overview

The Nexant Cost Allocation Formula

\[ \text{Allocated Amount} = \sum \left( \text{Power Mgmt. Budget Item} \times \text{Step 1 Allocation Parameters} \times \text{Step 2 Allocation Parameters} \times \text{Resource Determinant \%} \right) + \text{“Step 0” Direct Cost Allocations} \]

Focus of discussion topic

1/24/2017
Initial FY 2018 Nexant Cost Allocation Model updated with CY 2016 determinants

**FY 2018**

**MEMBER TOTALS**

<table>
<thead>
<tr>
<th>General Power Mgmt</th>
<th>Direct Assignments</th>
<th>Pool Allocation</th>
<th>System Integration</th>
<th>Credit Allocation ($)</th>
<th>FY 2018 Power Mgmt Total Pwr Mgmt</th>
<th>FY 2017 Total Pwr Mgmt</th>
<th>Increase (Decrease)</th>
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<tbody>
<tr>
<td>Alameda</td>
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Adjustments to CY 2016 Determinants in the Nexant Cost Allocation Model

Resource Schedule Counts
- Added Crow Creek, Elevation, and Western Antelope solar resources
  - PIRP treatment
  - Reflects adjusted 30% Capacity Factor for VERS
- Added to Pool Resources
- Added Pool Hydro Schedule Counts to Roseville to account for January 2016 through April 2016 layoff
Modifications to CY 2016 Determinants in the Nexant Cost Allocation Model

Contract Counts

- New deal capture system impacts:
  - Picked up Alameda REC deals for first time
  - Added deals for Gridley Main 1 and Graeagle
  - Proposing to create aggregate Parent Deal ID for each agreement with multiple resources
- Proposed modification for unscheduled contracts to only receive Settlements allocations
  - Excludes non-scheduled transactions from Nexant scheduling deal cost allocations.
FY18 Nexant Cost Allocation Model

OPERATING ENTITY COST DRIVERS
CY 2016 Schedule Counts
% of Total for each OE and Schedule Type

- Total NCPA Schedules: 76.4k
  - (0.3)% ↓
- Total CAISO Schedules: 42.9k
  - (0.3)% ↓
2016 vs 2015 Total Schedule Counts and Relative % Change

- 1.3K total increase in Day Ahead Schedule Counts
- 4.6K total decrease in Hour Ahead and Real Time Schedule Counts, which varies year-to-year
- Used to allocate $2.7M for SCALD and Settlements costs to the Operating Entities
FY18 Nexant Cost Allocation Model

POWER POOL COST DRIVERS
Composite Pool Allocation
CY16 vs CY15 Pool %

Used to allocate approx. $2.5M:
- $933k in Power Pool Costs;
- $1.3M for Pool OE Costs;
- $0.3M IT integrated system
Nexant Costs for each Member ($/MWh load served)

- $0.50
- $1.00
- $1.50
- $2.00
- $2.50
- $3.00
- $3.50
- $4.00
- $4.50

FY 17  FY 18

- Alameda
- Biggs
- Gridley
- Healdsburg
- Lodi
- Lompoc
- Palo Alto
- Plumas Sierra
- Port of Oakland
- Santa Clara
- Ukiah

1/24/2017
Questions?