



Commission Staff Report

COMMISSION MEETING DATE: December 2, 2021

SUBJECT: Approval of Amendment No. 4 to the Services Agreement between Northern California Power Agency and City of San Jose

AGENDA CATEGORY: Discussion/Action

| | | |
|--------------------|---------------------------|-----------------------------------|
| FROM: | Tony Zimmer <i>TZ</i> | METHOD OF SELECTION: |
| | Assistant General Manager | N/A |
| Division: | Power Management | <i>If other, please describe:</i> |
| Department: | Power Management | |

IMPACTED MEMBERS:

| | | | | | |
|--------------------------------------|-------------------------------------|---------------------|--------------------------|---------------------|--------------------------|
| All Members | <input checked="" type="checkbox"/> | City of Lodi | <input type="checkbox"/> | City of Shasta Lake | <input type="checkbox"/> |
| Alameda Municipal Power | <input type="checkbox"/> | City of Lompoc | <input type="checkbox"/> | City of Ukiah | <input type="checkbox"/> |
| San Francisco Bay Area Rapid Transit | <input type="checkbox"/> | City of Palo Alto | <input type="checkbox"/> | Plumas-Sierra REC | <input type="checkbox"/> |
| City of Biggs | <input type="checkbox"/> | City of Redding | <input type="checkbox"/> | Port of Oakland | <input type="checkbox"/> |
| City of Gridley | <input type="checkbox"/> | City of Roseville | <input type="checkbox"/> | Truckee Donner PUD | <input type="checkbox"/> |
| City of Healdsburg | <input type="checkbox"/> | City of Santa Clara | <input type="checkbox"/> | Other | <input type="checkbox"/> |

If other, please specify

RECOMMENDATION:

Approve Resolution 21-123 authorizing the General Manager of Northern California Power Agency (NCPA) to enter into Amendment No. 4 to the Services Agreement between NCPA and City of San Jose, to detail certain changes needed for NCPA to act as the City of San Jose's Scheduling Agent, including any modifications to Amendment No. 4 to the Services Agreement between NCPA and the City of San Jose recommended and approved by the NCPA General Counsel.

BACKGROUND:

The Services Agreement between NCPA and the City of San Jose (Services Agreement), dated May 7, 2018, sets forth the terms and conditions whereby NCPA supplies various scheduling and operating services to the City of San Jose. The Services Agreement included a requirement that the City of San Jose register as a Scheduling Coordinator and establish a Scheduling Coordinator account with the California Independent System Operator (CAISO) by a defined date, and upon completing such registration NCPA would continue supplying services to the City of San Jose acting as a Scheduling Agent. Until such registration process was complete, NCPA would act on behalf of the City of San Jose as a Scheduling Coordinator.

On October 4, 2019, NCPA and the City of San Jose entered into Amendment No. 1 to the Services Agreement to give the City of San Jose additional time to complete its duty to register as a Scheduling Coordinator. On March 11, 2020, NCPA and the City of San Jose entered into Amendment No. 2 to the Services Agreement to extend the term of the Services Agreement for a second term, and to amend certain terms of the Services Agreement to enable NCPA to continue acting as the City of San Jose's Scheduling Coordinator during the second term of the Services Agreement. On August 26, 2021, NCPA and the City of San Jose entered into Amendment No. 3 to the Services Agreement to further extend the term of the Services Agreement through August 31, 2022.

The City of San Jose now desires to complete its registration as a Scheduling Coordinator and establish a Scheduling Coordinator account with the CAISO, and to transfer and/or migrate its portfolio to its Scheduling Coordinator account on January 1, 2022 or shortly thereafter, and whereby upon completing such process the City of San Jose shall act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, then acting as the City of San Jose's Scheduling Agent. The City of San Jose also now desires to establish the ability to retain and be directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to the City of San Jose's Scheduling Coordinator account, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff.

To enable NCPA to act as the City of San Jose's Scheduling Agent once the City of San Jose has completed its registration as a Scheduling Coordinator, NCPA staff has developed Amendment No. 4 to the Services Agreement to detail certain changes needed for NCPA to act as the City of San Jose's Scheduling Agent.

A copy of Amendment No. 4 to the Services Agreement is attached to this staff report for your reference.

FISCAL IMPACT:

Amendment No. 4 to the Services Agreement will not increase the cost of NCPA's services or the term of the Services Agreement. Work associated with developing Amendment No. 4 to the Services Agreement was undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore, not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,



RANDY S. HOWARD
General Manager

Attachments:

- Resolution 21-123
- Amendment No. 4 to the Services Agreement

RESOLUTION 21-123

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY APPROVING AMENDMENT NO. 4 TO THE SERVICES AGREEMENT BETWEEN NORTHERN CALIFORNIA POWER AGENCY AND THE CITY OF SAN JOSE

(reference Staff Report # 261:21)

WHEREAS, the Services Agreement between NCPA and the City of San Jose (Services Agreement), dated May 7, 2018, sets forth the terms and conditions whereby NCPA supplies various scheduling and operating services to the City of San Jose; and

WHEREAS, the Services Agreement included a requirement that the City of San Jose register as a Scheduling Coordinator and establish a Scheduling Coordinator account with the California Independent System Operator (CAISO) by a defined date, and upon completing such registration NCPA would continue supplying services to the City of San Jose acting as a Scheduling Agent, but until such registration process was complete, NCPA would act on behalf of the City of San Jose as a Scheduling Coordinator; and

WHEREAS, on October 4, 2019, NCPA and the City of San Jose entered into Amendment No. 1 to the Services Agreement to give the City of San Jose additional time to complete its duty to register as a Scheduling Coordinator; and

WHEREAS, on March 11, 2020, NCPA and the City of San Jose entered into Amendment No. 2 to the Services Agreement to extend the term of the Services Agreement for a second term, and to amend certain terms of the Services Agreement to enable NCPA to continue acting as the City of San Jose's Scheduling Coordinator during the second term of the Services Agreement; and

WHEREAS, on August 26, 2021, NCPA and the City of San Jose entered into Amendment No. 3 to the Services Agreement to further extend the term of the Services Agreement through August 31, 2022; and

WHEREAS, the City of San Jose now desires to complete its registration as a Scheduling Coordinator and establish a Scheduling Coordinator account with the CAISO, and to transfer and/or migrate its portfolio to its Scheduling Coordinator account on January 1, 2022 or shortly thereafter, and whereby upon completing such process the City of San Jose shall act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, then acting as the City of San Jose's Scheduling Agent; and

WHEREAS, the City of San Jose also now desires to establish the ability to retain and be directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to the City of San Jose's Scheduling Coordinator account, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff; and

WHEREAS, to enable NCPA to act as the City of San Jose's Scheduling Agent once the City of San Jose has completed its registration as a Scheduling Coordinator, NCPA staff has developed Amendment No. 4 to the Services Agreement to detail certain changes needed for NCPA to act as the City of San Jose's Scheduling Agent; and

WHEREAS, Amendment No. 4 to the Services Agreement will not increase the cost of NCPA's services or the term of the Services Agreement, and work associated with developing Amendment No. 4 to the Services Agreement was undertaken pursuant to approved Power Management budget categories, and costs associated with this effort are allocated in accordance with approved cost allocation methodologies as described in the NCPA annual budget; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore, not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts Resolution 21-123 authorizing the General Manager of Northern California Power Agency to enter into Amendment No. 4 to the Services Agreement between Northern California Power Agency and City of San Jose, to detail certain changes needed for NCPA to act as the City of San Jose's Scheduling Agent, including any modifications to Amendment No. 4 to the Services Agreement between Northern California Power Agency and the City of San Jose recommended and approved by the NCPA General Counsel.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2021, by the following vote on roll call:

| | <u>Vote</u> | <u>Abstained</u> | <u>Absent</u> |
|--------------------|-------------|------------------|---------------|
| Alameda | _____ | _____ | _____ |
| San Francisco BART | _____ | _____ | _____ |
| Biggs | _____ | _____ | _____ |
| Gridley | _____ | _____ | _____ |
| Healdsburg | _____ | _____ | _____ |
| Lodi | _____ | _____ | _____ |
| Lompoc | _____ | _____ | _____ |
| Palo Alto | _____ | _____ | _____ |
| Port of Oakland | _____ | _____ | _____ |
| Redding | _____ | _____ | _____ |
| Roseville | _____ | _____ | _____ |
| Santa Clara | _____ | _____ | _____ |
| Shasta Lake | _____ | _____ | _____ |
| Truckee Donner | _____ | _____ | _____ |
| Ukiah | _____ | _____ | _____ |
| Plumas-Sierra | _____ | _____ | _____ |

 DAVID HAGELE
 CHAIR

ATTEST: _____
 CARY A. PADGETT
 ASSISTANT SECRETARY

**Services Agreement
Between
Northern California Power Agency
and
City of San José**

AMENDMENT NO. 4

This Amendment No. 4 (“Amendment No. 4”) to the Services Agreement between the Northern California Power Agency, a joint powers agency of the State of California (“NCPA”), and the City of San José, a municipal corporation (“Customer”), each individually a “Party” and collectively the “Parties”, dated as of May 7, 2018, as such may be amended from time to time, (the “Services Agreement”) is made this ___ day of _____, 20__ with reference to the following facts, among others:

- A. Pursuant to the terms and conditions of the Services Agreement, NCPA supplies certain Services to Customer.
- B. On October 4, 2019, Customer and NCPA entered into Amendment No. 1 to the Services Agreement to give Customer additional time to complete its duty to register as a Scheduling Coordinator.
- C. On March 11, 2020, Customer and NCPA entered into Amendment No. 2 to the Services Agreement to extend the term of the Agreement, and to amend certain terms of the Services Agreement to enable NCPA to continue acting as Customer’s Scheduling Coordinator during the Second Term of the Services Agreement.
- D. On August 26, 2021 Customer and NCPA entered into Amendment No. 3 to the Services Agreement to extend the term of the Agreement.
- E. Customer now desires to complete its registration as a Scheduling Coordinator and establish a Scheduling Coordinator account (commonly referred to as “SCID”) to which the content of Customer’s portfolio (including, but not limited to, loads, generation, trades, and/or other scheduled CAISO products) shall be transferred and/or migrated on January 1, 2022 or shortly thereafter, and whereby upon completing such transfer and/or migration Customer shall act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, then acting as Customer’s Scheduling Agent.
- F. Customer now desires to establish the ability to retain and be directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to Customer’s Scheduling Coordinator account, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff.

- G. The Parties desire to amend the Services Agreement to amend certain terms of the Services Agreement.

NOW THEREFORE, THE PARTIES AGREE as follows:

1. Section 4.2.9 is added to Section 4 of the Services Agreement, as follows:

Customer shall register as a Scheduling Coordinator and establish a Scheduling Coordinator account (commonly referred to as "SCID") to which the content of Customer's portfolio (including, but not limited to, loads, generation, trades, and/or other scheduled CAISO products) shall be transferred and/or migrated on January 1, 2022 or shortly thereafter, and whereby upon completing such transfer and/or migration Customer shall act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, then acting as Customer's Scheduling Agent. Upon completing such transfer and/or migration, Customer shall establish the ability to retain and be directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to Customer's Scheduling Coordinator account, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tarif.

2. The first sentence in Section 8.1 of the Services Agreement is deleted and replaced with the following sentence:

NCPA will issue a monthly invoice to Customer for estimated and actual CAISO charges and credits that have been, or are estimated to be, invoiced by the CAISO to NCPA associated with the Services provided under this Agreement, costs associated with NCPA's provision of Services, and all other costs for Services (e.g., power supply costs) with no markup provided in accordance with this Agreement.

3. The following sentence is added to the end of Section 12.1 to the Services Agreement:

Pursuant to Section 4.2.9 of this Agreement, upon (i) Customer completing the process of registering as a Scheduling Coordinator and transferring and/or migrating the content of Customer's portfolio to Customer's Scheduling Coordinator account, and (ii) Customer establishing the ability to retain and be directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to Customer's Scheduling Coordinator account, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff, the deposit amount Customer shall be required to maintain in a Security Account pursuant to Section 12.2 and Section 12.3 will be equal to any estimated and actual CAISO charges and credits that have been, or are estimated to be, invoiced by the CAISO to NCPA associated with the Services provided under this Agreement, if any.

4. The following two sentences are added to the beginning of Section 1 of Appendix A of the Services Agreement (Scheduling Services):

As of the Effective Date of this Agreement, NCPA shall act as Customer's Scheduling Coordinator until the date on which Customer has completed the process of transferring and/or migrating the content of its portfolio (including, but not limited to, loads, generation, trades, and/or other scheduled CAISO products) from a Scheduling Coordinator account (commonly referred to as "SCID") registered by NCPA, to a Scheduling Coordinator account registered by Customer. At such time, Customer shall then act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, acting as Customer's Scheduling Agent, as further described in Appendix A hereto.

Except as otherwise specifically provided herein, all other terms and conditions of the Services Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be duly executed by and through their respective authorized representatives as of the date hereinabove written.

Northern California Power Agency

City of San José

RANDY S. HOWARD, General Manager

LORI MITCHELL, Director

Attest:

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Approved as to Form:

General Counsel

General Counsel