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Minutes

Date: January 4, 2018
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: January 3, 2018 Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Mike Brozo at 9:03 am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger, Debbie Whiteman, and Sarah Libua (Alameda), Mark Sorensen (Biggs), Melissa Price (Lodi), Tikan Singh (Lompoc), Monica Padilla (Palo Alto), and Kathleen Hughes, and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, Port of Oakland, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the December 6, 2017 Facilities Committee meeting, and the December 7, 2017 Facilities Committee Special meeting.** A motion was made by Shannon McCann and seconded by Jiayo Chang recommending approval of the December 6, 2017 Facilities Committee meeting minutes, and the December 7, 2017 Facilities Committee Special meeting. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.
- 3. Hydroelectric Generation Services Facility – Ford Construction, Inc. for Adit 4 Spoils Facility Repairs Construction** – Staff gave background information and was seeking a recommendation for Commission approval increasing the General Manager's signature authority from the current level of \$2,897,507 to \$3,250,000 for construction of the Adit 4 spoils facility repairs.

Motion: A motion was made by Shannon McCann and seconded by Alan Hanger recommending Commission approval authorizing the General Manager to issue additional purchase orders to Ford Construction, Inc., raising the General Manager's signature authority from the current level of \$2,897,507 to the not to exceed amount of \$3,250,000 for construction of the Adit 4 Spoils Facility Repairs at the NCPA Hydroelectric Project. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.

- 4. Hydroelectric Generation Services Facility - Collierville Generator Rewind Project** – Staff provided background information, and was seeking a recommendation for Commission approval authorizing the General Manager to enter into one or more contracts for a total not-to-exceed amount of \$6,900,000 for rewinding and repairs of the two (2) Collierville generators.

Motion: A motion was made by Shannon McCann and seconded by Jiayo Chang recommending Commission approval authorizing the General Manager to enter into one or more agreements and to issue purchase orders, with a total not-to-exceed amount of \$6,900,000 for the replacement of stator windings for the Collierville Powerhouse Unit 1 and Unit 2 generators. A vote was taken by roll call: YES = YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.

- 5. Approval of NCPA Solar Project Phase 2 Agreement** – Staff presented background information and major terms of the NCPA Solar Project 1 Phase 2 Agreement. Phase 2 encompasses site selection, technical/financial evaluation, and site development for a fleet of solar photovoltaic (PV) plants to be located within participating member territories. The Agreement describes four sub-phases, beginning with site selection and feasibility analysis that will lead to a critical Go/No-Go decision point early in the process. This will enable a participant to withdraw from the project early on should their desired site(s) be deemed unfeasible for whatever reason, while minimizing their investment in the project. Also described is the cost allocation method; participants will be charged costs directly related to their site(s) development plus a percentage of the project's general costs based on a capacity-based GES.

Because the draft was posted in December, staff decided to allow more time for members to review the document and to solidify their interest in the project. The draft Phase 2 Agreement is available on NCPA Connect. A web meeting for all potential participants will be scheduled for January 12 to review the agreement. Staff would like confirmed interest and all comments completed by January 16. Staff will be seeking a recommendation for approval at the next Facilities Committee meeting January 31, with Commission approval February 22, and launch date as early as February 23.

- 6. Nexant Cost Allocation Model Billing Determinants** – Staff reviewed the billing determinants that will be used in the FY2019 Nexant Cost Allocation Model. The calendar year 2017 data model results still need to be finalized. Staff identified and reviewed the source of changes to members' costs from the change in determinants. The Nexant statistics are scheduled to be finalized by January 18, 2018.

Staff is recommending three modifications to the current Nexant Model. The first proposed modification is to exclude day ahead bilateral transactions from the Nexant scheduling deal cost allocations under authorization granted in SR: 113:17. The second modification is to exclude internal final schedules ("IFS") that have not changed from the day ahead final schedule. In an effort to increase efficiency by reducing manual schedule entries, IFS have been pre-seeded in the scheduling software whether they are needed or not which greatly increased IFS counts, particularly for Hydro Operating Entities. The third proposed change is to account for daily Seattle City Light transactions as two monthly buy and sell transactions consistent with existing "As Need" deals. The contract for Seattle City Light will expire in May 2018. Modifications two and three require Commission approval and staff will ask the Facilities Committee to recommend approval in the January 31, 2018 meeting.

The draft Nexant model along with the supporting files, will be available for review on NCPA Connect. Please review prior to the next Facilities Committee meeting scheduled January 31, so the Committee can take action on this item. Please send any questions to staff prior to the meeting.

- 7. Approval of Services Agreement with EBCE** – Staff will present and seek a recommendation for approval of a Services Agreement between NCPA and East Bay Community Energy (EBCE), under which NCPA will supply certain wholesale power supply to EBCE.

The Commission approved the EBCE Services Agreement December 14, 2017. Since then NCPA has been working with EBCE to complete negotiations and execute the Services

Agreement. EBCE has raised concerns with certain provisions of the agreement that may be substantive in nature. If substantive changes are made to the agreement, NCPA may need to seek approval of the updated Services Agreement prior to execution.

Staff is recommending Facilities Committee guidance for key provisions in the Services Agreement, and would like to plan a Facilities Committee Special meeting once the negotiations with EBCE have been completed for review of the agreement prior to seeking Commission approval of an updated Services Agreement. After discussion, the Committee agreed on a special meeting Thursday, January 11, in the afternoon.

8. Expiration of Acquired Resources Designation – Staff gave background information and reviewed the status of NCPA’s designated list of Acquired Resources, as such is defined in the CAISO Tariff.

Pursuant to Section 40.9.2.1 of the CAISO Tariff, certain units that meet defined criteria can qualify as Acquired Resources. Acquired Resource eligibility criteria was modified at the time the CAISO implemented RAAIM in 2017. The Acquired Resource availability penalty exemption is separate and distinct from the MSSA availability penalty exemption. A Scheduling Coordinator (SC) must submit an affidavit confirming continued eligibility. NCPA staff did not submit the required affidavit, for CY 2018, and as such was recently notified by the CAISO of this failure. Per recent discussions with the CAISO, it appears that many SCs failed to submit the required affidavit due to the lack of notice provided by the CAISO. The CAISO is now considering next steps, but has suggested that NCPA seek a waiver from FERC to allow NCPA to submit the required information to maintain the existing Acquired Resources status. Upon further review of the new criteria implemented with RAAIM, NCPA is considering whether it continues to meet the stated criteria.

Based on this information staff is recommending that due to concerns with continued eligibility, and considering that NCPA members are already protected by certain MSSA exemption provisions, NCPA staff recommends not extending the Acquired Resource designation for the resources listed herein beyond CY 2017.

9. New Service Opportunities – Staff provided a status update regarding the opportunity for NCPA to supply certain wholesale energy services to the following new prospective fee-for-service customers: South Feather Water and Power Agency, San Jose Community Energy and Nevada Irrigation District.

NCPA submitted a Request for Qualifications to South Feather Water and Power Agency (SFWPA) December 15, 2017. SFWPA has hydro assets, and is looking for PPA services starting in 2020 after their contract with PG&E expires. San Jose Community Energy reached out to NCPA for services, per a recommendation from Pioneer Energy and EBCE. NCPA has provided information for services, and San Jose is showing a very strong interest in these services. Nevada Irrigation District is interested in scheduling services for a 3MW plant, which could lead to other larger projects in the future. Lastly, SCPPA has requested information regarding several NCPA services. NCPA will provide costs for these services once they narrow down what they are looking for. Staff will provide updates as needed.

10. New Services Staffing Update – Status update.

Staff is developing a study regarding the impact the new services is having on the dispatch desk, the SC desk, and pre-scheduling. As well as the IS and Power Settlements departments. The dispatch desk is being impacted more than the SC desk, and two of the pre-schedulers are being impacted the first 2 ½ hours each day. Another person on the dispatch desk may eventually be needed. Power Settlements still has an additional vacancy in the budget.

Another consideration is the WECC NERC rating criteria for low impact, medium impact, and high impact. With all these new services NCPA is close to medium impact now. Also being evaluated is the amount of revenue these new services will be bringing in. Staff will continue with the study, and update the Committee prior to executing any additional new services agreements.

11. Planning and Operations Update –

- PCWA scheduling services started January 1, 2018. Several NCPA staff were on site for the transition, as well as staff from PCWA. It was a great team effort between Power Management and Information Services, making it a seamless change over.
- Pioneer Community Energy will be integrating services February 1, 2018. NCPA has secured RA for this. Pioneer's website is also up and running now.
- TO18 TAC trial starts Tuesday, January 9, 2018 in Washington, DC.
- Order 890 proceedings – NCPA continued its discussions with PG&E via a conference call on December 15, 2017. Southern California Edison has also made a filing at FERC to modify its planning process, in an attempt to ensure its planning process is compliant with the standards required under Order 890. NCPA will continue working with PG&E to address the concerns expressed by NCPA.
- Due to the retirement of a power plant in Oakland, PG&E is working to develop a plan to address the resulting reliability concerns. The plan proposed by PG&E may have adverse impacts on the City of Alameda and the Port of Oakland. NCPA and Alameda Municipal Power (AMP) sent a joint letter to PG&E regarding the need to modify or terminate the Operating Agreement that is currently in place between PG&E and AMP to address these concerns.

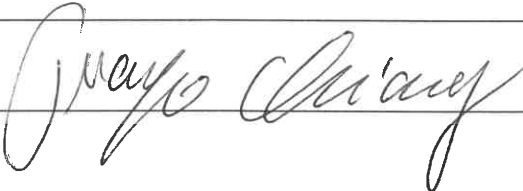
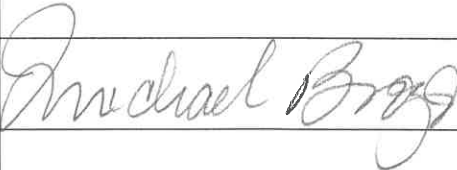

12. Schedule next meeting date – the next regular Facilities Committee meeting is scheduled for January 31, 2018.

ADJOURNMENT

The meeting was adjourned at 12:22 pm.

**Northern California Power Agency
January 3, 2018 Facilities Committee Meeting
Attendance List**

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

| MEMBER | NAME |
|-------------------|--|
| ALAMEDA | |
| BART | |
| BIGGS | |
| GRIDLEY | |
| HEALDSBURG | |
| LODI |  |
| LOMPOC | |
| PALO ALTO | |
| PLUMAS-SIERRA REC |  |
| PORT OF OAKLAND | |
| ROSEVILLE |  |
| SANTA CLARA | |
| TID | |
| UKIAH | |