



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Minutes

To: NCPA Facilities Committee
From: Trisha Hubbard
Subject: January 6, 2016 Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Alan Hanger at 9:06am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Barry Leska (Alameda), Roger Frith (Biggs), Monica Padilla (Palo Alto), Nico Procos (Port of Oakland), Kathleen Hughes and Steve Hance (SVP), and Willie Manuel (TID). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the December 2 and December 10 Facilities Committee meetings.**
Motion: a motion was made by Melissa Cadek and seconded by Shannon McCann to approve the December 2nd and December 10th Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara.
- 3. Geothermal Facility Plant 2, Unit 4 Turbine Overhaul Maintenance Project** – Staff provided information regarding the recommendation to authorize the General Manager to award bids and enter into contracts and purchase orders for work related to the Turbine Overhaul Maintenance Project in accordance with NCPA Purchasing Policies and Procedures without further approval by the Commission, for a total cumulative cost not to exceed \$1,871,000. Staff provided a summary of the work to be performed as a part of the Unit 4 overhaul and the costs associated with each item. Funds in the amount of \$2,050,000 have been pre-collected in the Maintenance Reserve to perform this overhaul.

Motion: A motion was made by Roger Frith and seconded by Shannon McCann to recommend that the Commission approve authorizing the General Manager to award bids and execute agreements and purchase orders for work related to the Geothermal Plant 2, Unit 4 Turbine Overhaul, for a total cost not to exceed \$1,871,000 and report back to the Commission upon completion of the project. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Plumas-Sierra, Roseville, Santa Clara, and TID. ABSTAIN = Palo Alto and Port of Oakland.

- 4. All NCPA Generation Services, Members, SPCPA, SPCPA Members – KM Industrial, Inc. –**
Staff provided information regarding the recommendation to approve the Multi-Task General Services Agreement with KM Industrial, Inc. for a not-to-exceed amount of \$500,000 for labor,

equipment and materials to perform various specialized high pressure cleaning of industrial equipment at all facilities owned and/or operated by NCPA, its members, SCPPA or by SCPPA members. The Agency currently has an existing three year Multi-Task Agreement with this company which is set to expire January 16, 2016. This would be a new enabling agreement that would not commit the Agency to any expenditure of funds.

Motion: A motion was made by Melissa Cadek and seconded by Shannon McCann to recommend approval of the Multi-Task General Services Agreement with KM Industrial, Inc. for a not-to-exceed amount of \$500,000 for labor, equipment, and materials to perform various specialized high pressure cleaning of industrial equipment at all facilities owned and/or operated by NCPA, its members, SCPPA, or by SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, Santa Clara, and TID. ABSTAIN = Port of Oakland.

5. **All NCPA Generation Services Facilities – Pacific Star Chemical, LLC dba Northstar Chemical** – Staff provided information regarding the recommendation to approve the Multi-Task General Services Agreement with Pacific Star Chemical, LLC dba Northstar Chemical for a not to exceed amount of \$1,500,000 for chemical purchases at all NCPA plant facilities. This would be an enabling agreement for a term of five years.

Motion: A motion was made by Ron Stassi and seconded by Roger Frith to recommend Commission approval of the Multi-Task General Services Agreement with Pacific Star Chemical, LLC dba Northstar Chemical for a not to exceed amount of \$1,500,000 for chemical purchases at all NCPA plant facilities. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, Santa Clara and TID. ABSTAIN = Port of Oakland.

6. **All NCPA Generation Services Facilities, Members, SCPPA, SCPPA Members – Worley Parsons Group, Inc. First Amendment** – Staff provided information regarding the recommendation to approve the First Amendment to the existing five-year Multi-Task Consulting Services Agreement with Worley Parsons Group, Inc., increasing the not to exceed amount from \$225,000 to \$1,000,000 for consulting services related to project support and plant operations as needed at all facilities owned and/or operated by NCPA, its members, SCPPA, or by SCPPA members. Three years remain on this five year agreement.

Motion: A motion was made by Shannon McCann and seconded by Melissa Cadek to recommend Commission approval of the First Amendment to the existing five year Multi-Task Consulting Services Agreement with Worley Parsons Group, Inc., increasing the not-to-exceed amount from \$225,000 to \$1,000,000 for consulting services related to project support and plant operations as needed at all facilities owned and/or operated by NCPA, its members, SCPPA, or by SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, and TID. ABSTAIN = Port of Oakland.

7. **Review of Power Supply Assumptions** – Staff provided information regarding the assumptions and preliminary results for Fiscal Year 2017 Power Supply Budget. The Power Supply inputs are due January 15th. Staff provided a detailed summary of the key M38 input assumptions and discussed the forward price curves along with review of the implied market heat rates. Staff discussed the Greenhouse Gas Allowance cost forecast and provided information regarding the Gas Transport Rate Case. Staff also provided a detailed review of the FY2017 Generation by contract and by resource as well as Lodi Energy Center cost projections. Next steps: Staff plans to re-run the optimization with Calaveras and Western forecasts and will organize the results in Appendix G budget format by January 15th. Staff will also allocate generation and variable costs to members, calculate monthly surplus/deficits by January 22nd. At the members' request, this year will include fiscal year as well as calendar year formatted data.

- 8. Scheduling Coordination Program Agreement** – Staff provided information regarding the recommendation to approve the amendment to Appendix E of the Amended and Restated Scheduling Coordination Program Agreement. The amendment reflects the addition of two new resources that the Agency will be providing Scheduling Coordination Services.

Motion: A motion was made by Ron Stassi and seconded by Shannon McCann to recommend that the Commission approve the amendment to Appendix E of the Scheduling Coordination Program Agreement regarding the addition of two new resources. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. ABSTAIN = TID.

- 9. Report on NCPA Major Insurance Renewals Update** – Staff provided an informational update regarding the Agency’s insurance renewals. NCPA was successful in lowering the insurance premiums for an overall cost reduction of 5%. The Agency was also successful in adding terrorism coverage and increasing the liability coverage to \$80 million compared to a \$35 million limit in the past.

- 10. Power Management and Administrative Services Cost Allocation Study** – Staff provided a detailed update regarding the status of the Cost Allocation Study Review Group’s effort to review the Power Management and Administrative Services Cost Allocation Study. Major topics of discussion consisted of the Review Group’s key issues: 1) treatment of Schedule and Contract counts when member portfolios change, 2) updating prescheduling cost allocation factors, 3) how schedule and contract counts affect costs allocated to and within the Pool, 4) comparison of Power Management functions – Pooling Agreement vs. MPP/GPP, 5) Assess impact of de-rating plant capacity by Plant factor for all resources, 6) discussion paper on pricing new services, 7) discussion paper on allocating revenue from expansion of Power Management services. An extensive report is currently in development and will be distributed for Committee review soon. Staff discussed and reviewed in detail Issues 2, 3, 4, and 6 as they are deemed high on the priority list and the more timely issues in regards to the budget process underway.

Next steps: the Review Group has meetings scheduled in January to specifically address Issue 2 – update the Prescheduling cost allocation factors; as well as Issue 1 – treatment of Schedule and Contract counts when member portfolios change. NCPA staff will complete its preliminary analysis of Issue 5 – assess impact of de-rating plant capacity by plant factor for all resources. The Review Group plans to focus attention on Issues 1 and 2 in an effort to try and implement in FY17 budget. Members of the Review Group provided input and commended James Takehara on his efforts on this project.

- 11. Schedule next meeting date** – The next Facilities Committee meeting is scheduled for February 3rd. The Committee was informed of the upcoming Special Facilities Committee meetings to review the FY17 budget currently scheduled for February 17 and March 16.

The Committee was also informed there will be a presentation provided by California Energy Storage Alliance (CESA) immediately following the February 3rd meeting. Staff reviewed the main topics planned for this presentation. Staff asked members whether or not they would be interested in attending this presentation. Roseville stated they attended a similar presentation recently, therefore would probably not be interested in this one. Santa Clara is not interested for similar reasons as well as Palo Alto. Lompoc and Alameda expressed interest, as well as Lodi, however not if it is a lengthy presentation.

ADJOURNMENT

The meeting was adjourned at 11:42am.

Northern California Power Agency
Facilities Committee Special Meeting of January 6, 2016
Facilities Committee
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 | <i>Melan C</i> |
| LOMPOC | RON STASSI |
| PALO ALTO | |
| PLUMAS-SIERRA REC | <i>Amiee Brody</i> |
| PORT OF OAKLAND | |
| ROSEVILLE | <i>Jason Miller</i> |
| SANTA CLARA | |
| TID | |
| UKIAH | |