



12745 N. Thornton Road
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Agenda

Date: February 4, 2015

Subject: February 9, 2015 Lodi Energy Center Project Participant Committee Meeting

Location: 12745 N. Thornton Road, Lodi, CA or via teleconference

Time: 10:00 A.M.

***** In compliance with the Brown Act, you may participate in person at the meeting location or via teleconference at one of the locations listed below. In either case, please: (1) post this notice at a publicly accessible location at the participation location at least 72-hours before the call begins, and (2) have a speaker phone available for any member of the public who may wish to attend at your location.**

NCPA 12745 N. Thornton Road Lodi, CA	NCPA 651 Commerce Drive Roseville, CA	CITY OF HEALDSBURG 401 Grove Street Healdsburg, CA
BAY AREA RAPID TRANSIT 300 Lakeside Drive, 16th Floor Oakland, CA	CITY OF GRIDLEY 685 Kentucky Street Gridley, CA	CITY OF LOMPOC 100 Civic Center Plaza Lompoc, CA
CITY OF BIGGS 465 "C" Street Biggs, CA	PLUMAS-SIERRA RURAL ELECTRIC COOP 73233 Highway 70 Portola, CA	CITY OF UKIAH 411 W Clay Street Ukiah, CA
CALIFORNIA DEPARTMENT OF WATER RESOURCES 3310 El Camino Ave. Room LL93 Sacramento, CA	CITY OF SANTA CLARA 1500 Warburton Avenue Santa Clara, CA	POWER & WATER RESOURCES POOLING AUTHORITY 2106 Homewood Way, No. 100 Carmichael, CA 95608

The Lodi Energy Center Project Participant Committee may take action on any of the items listed on this Agenda regardless of whether the matter appears on the Consent Calendar or is described as an action item, a report, or an information item. If this Agenda is supplemented by staff reports, they are available to the public upon written request. Pursuant to California Government Code Section 54957.5, the following is the location at which the public can view Agendas and other public writings: NCPA, 651 Commerce Drive, Roseville, CA or www.ncpa.com

Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participant in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.

1. Call Meeting to Order and Roll Call

PUBLIC FORUM

Any member of the public who desires to address the Lodi Energy Center Project Participant Committee on any item considered by the Lodi Energy Center Project Participant Committee at this meeting, before or during the Committee's consideration of that item, shall so advise the Chair and shall thereupon be given an opportunity to do so. Any member of the public who desires to address the Lodi Energy Center Project Participant Committee on any item within the jurisdiction of the Lodi Energy Center Project Participant Committee and not listed on the Agenda may do so at this time.

2. Meeting Minutes - Approval of the following PPC meeting minutes:

- January 12, 2015 regular meeting

MONTHLY REPORTS

3. Operational Report for January 2015 - (*Jeremy Lawson*)

4. Market Data Report for January 2015 – Verbal Report (*Bob Caracristi*)

5. Update regarding Results of Change in Strategies for CAISO Integrated Forward Market – Staff to discuss the results from reducing the Minimum Load Costs component of the LEC DA Market bids (Ken Goeke)

6. Monthly Asset Report – (*Michael DeBortoli*)

CONSENT CALENDAR

All items on the Consent Calendar are considered routine and will be approved without discussion by a single roll call vote. Any Project Participant or member of the public may remove any item from the Consent Calendar. If an item is removed, it will be discussed separately following approval of the remainder of the Consent Calendar. Prior to the roll call vote to approve the Consent Calendar, the Participants will be polled to determine if any Participant wishes to abstain from one or more items on the Consent Calendar.

7. Treasurer's Report for January - Accept by all Participants

8. Financial Report for January - Approve by all Participants

9. GHG Reports (excerpted from monthly ARB) - Accept by all Participants

10. Differential Transmission Cost Adjustment (PMOA Schedule 7.00) – No exporting activity to report for January

11. Nalco Company Water and Process Services – Staff seeking approval of a five year Multi-Task General Services Agreement with Nalco Company Water and Process Services in an amount not to exceed \$1,000,000 for the provision of specialty chemicals and services at the LEC and CT2 Stig facilities. All purchase orders issued pursuant to this agreement will be charged against existing and future approved Annual Operating budgets.

Consent Items pulled for discussion: _____

BUSINESS ACTION ITEMS

None

INFORMATIONAL/ DISCUSSION ITEMS

12. Forecast of GHG Allowances - Staff to discuss comparison of 2014 and 2015 generation forecasts, the factors affecting forecasts, and impacts on GHG allowance requirements (*Jan Bonatto*)

13. FY 2015/16 Initial Budget Presentation – Staff to present draft budget for review (*Mike DeBortoli*)

14. Regulation Energy Make-Whole Payment Letter to CAISO Board – Staff to provide briefing on feedback from CAISO Executives and Board of Governors relating to the open letter dated February 2, 2015 submitted for the February 6 CAISO Board meeting (*Gillian Biedler*)

15. Other New Business

ADJOURNMENT

Next Regular Meeting: March 9, 2015

**Lodi Energy Center
Project Participant Committee Meeting
January 12, 2015 - MEETING MINUTES**

Location: Lodi Energy Center
12745 N. Thornton Rd, Lodi CA 95242
and by teleconference
10:00 A.M.

1. Call Meeting to Order and Roll Call

The PPC meeting was called to order at 10:02 a.m. by Chairman Mike Werner. He asked that roll be called as listed below.

PPC Meeting Attendance Summary		
Participant	Attendance	Particulars / GES
Azusa - Morrow	Present	2.7857%
BART - Lloyd	Present	6.6000%
Biggs - Sorenson	Present	0.2679%
CDWR - Werner	Present	33.5000%
Gridley - Borges	Present	1.9643%
Healdsburg - Crowley	Absent	1.6428%
Lodi - Cadek	Present	9.5000%
Lompoc - Hostler	Present	2.0357%
MID - Caballero	Present	10.7143%
Plumas-Sierra - Brozo	Absent	0.7857%
PWRPA - Palmerton	Present	2.6679%
SVP - Hance	Present	25.7500%
Ukiah - Grandi	Absent	1.7857%
Summary		
Present	10	95.7858%
Absent	3	4.2142%
Quorum by #:	Yes	
Quorum by GES:	Yes	
Meeting Date:	1/12/2015	

Public Forum

Chairman Werner asked if any members of the public were present in Lodi or at any of the other noticed meeting locations that would like to address the PPC on any agenda items. No members of the public were present.

2. Meeting Minutes

The draft minutes of the regular meeting held on December 8, 2014 were considered. The LEC PPC considered the following motion.

Date: 1/12/2015

Motion: The PPC approves the minutes of the December 8, 2014 regular meeting; no edits were discussed at today's meeting.

Moved by: BART

Seconded by: MID

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Yes	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Yes	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	10	95.7858%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	3	4.2142%
Result:	Motion passed.	

MONTHLY REPORTS

3. Operational Reports for December 2014

Jeremy Lawson presented a written and oral report for December including Safety, Notice of Violations, Outage Summaries, Planned Outages, and Generating Unit Statistics. There were no OSHA Recordable accidents, no Permit violations, and no NERC/WECC violations. The plant experienced a brief 45 minute outage on December 20 when a condenser spray curtain pressure switch failed during startup. Staff verified the system parameters to be compliant and continued startup. Until the switch is replaced, staff will continue to monitor.

Jeremy's report reflected monthly production of 106,312 MWH, 418 service hours, and equivalent operating availability of 99.90%. The report set forth the Capacity Factor @ 280MW Pmax of 51.03% and @ 302MW Pmax of 47.31%. During the month the plant had 19 hot starts, three warm starts, and zero cold starts. Jeremy noted all were under the fuel amount scheduled

in the PMOA. He said with the implementation of the change in bidding strategies, the plant has been running 24-7 since the first of the month.

4. Market Data Report for December 2014

Bob Caracristi discussed the operating and financial settlement results for the month.

Retiring NCPA General Manager Jim Pope briefly stepped into the meeting to recognize all of the Project Participants and this group's efforts and hard work to bring this project to fruition.

5. Update regarding Results of Change in Strategies for CAISO Integrated Forward Market

Ken Goeke reported back to the Committee on the change in bidding and the continuation of the strategy discussed by Don Imamura at the last meeting. Ken recapped the issues inherent with the minimum load costs of the bid component and the solution implemented to reduce cycling and achieve 24 hour runs. He thinks the strategy is, in fact, working and demonstrated the results with detailed modelled data results.

6. Monthly Asset Report

Mike DeBortoli presented the monthly asset report/budget review for November. In the Routine O&M Administration category, he clarified that again the timing of the lease payment posting resulted in this category coming in under budget but it will balance out next month. He said there was a spike in the Labor costs for November due to the planned outage. The remaining numbers are on track with the budget.

Consent Calendar

The consent calendar was considered. Chairman Werner asked if any Participant wished to remove any item listed on the Consent Calendar for separate discussion. Hearing none, he then asked if any Participant wished to abstain from one or more items on the Consent Calendar. There were no abstentions. The LEC PPC considered the following motion:

Date: 1/12/2015

Motion: The PPC approves the Consent Calendar consisting of: agenda items no. 7 Treasurer's Report for December; 8. Financial Report for December; 9. GHG Reports for December and January; 10. Farwest Insulation Contracting five year Multi-Task General Services Agreement; 11. Hill Brothers Chemical Company five year Multi-Task Agreement for Purchase of Equipment, Materials and Supplies; 12. Process Innovations, Inc. five year Multi-Task Consulting Services Agreement; and 13. Revised LEC PMOA Schedule 1.00 Exhibit 5 reflecting the 2015 CAISO Grid Management Charge.

Moved by: Azusa

Seconded by: Lodi

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Yes	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Yes	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	10	95.7858%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	3	4.2142%
Result:	Motion passed.	

BUSINESS ACTION ITEMS

14. FY14 Annual Billing Settlements

Donna Stevener presented a staff report and final settlements detailed for each Participant for the period July 1, 2013 through June 30, 2014 and noted the final numbers are actual audited costs. This followed the preliminary information presented at the December monthly meeting. She noted NCPA responded to questions from Joyce Kinnear of SVP. The annual cost of the project to Participants in FY 2013/14 was \$92,472,735, with actual third party revenue of \$60,972,682, for a net annual cost of \$31,500,053. This resulted in a budget variance of \$1,799,708. Collections from Participants totaled approximately \$31 million. The net unfunded cost of \$530,960 will be billed to the Participants.

Mike DeBortoli presented a line item budget vs. actual summary detailing the reported numbers. He outlined the factors affecting the budget including unforeseen maintenance with the RAD, HRSG leaks, borescope inspection, and overtime necessary to support those activities. In addition, there were more start-ups than budgeted and costs associated with auxiliary power usage and the Siemens Long Term Maintenance agreement. The budget numbers for the LTMA were based on \$521/hour which was the initial rate from 2010 when the agreement was executed. The actual escalated cost should have been about \$564/hour. In response to a question from Connee Lloyd, Mike talked about fired hours and what the per hour amount covers. Other factors affecting the budget included the debt relative to the Build America Bonds

Interest Rebate Reduction and Labor for the accrual of unused vacation. The PPC considered the following motion.

Date: 1/12/2015

Motion: The PPC approves the FY 14 Annual Billing Settlements for the period July 1, 2013 through June 30, 2014, as discussed at today's meeting.

Moved by: Lodi

Seconded by: MID

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Yes	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Yes	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	10	95.7858%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	3	4.2142%
Result:	Motion passed.	

INFORMATIONAL ITEMS

15. Power Supply Budget Assumptions & Preliminary Results

Jan Bonatto presented a PowerPoint laying out the Assumptions and Preliminary Results for the Power Supply Budget for FY 2015/16. She explained input assumptions, recent changes in forward price curves, and displayed various versions of average electric and natural gas market prices. She noted NP15 prices were used throughout to model LEC generation. The presentation included modeling of GHG allowance prices. The Budget numbers use \$12.50 for FY15/16 which she said is in line with auction and market prices. After 2018, there could be a shortage of allowances which could raise prices, but likely not to levels forecasted in previous budget years. She discussed the PG&E gas transport rate case and noted it will not be decided before the FY16 budget is adopted. The 2014 gas transport rate was \$.54/MMBtu. The effective

rate as of January 1, 2015 is \$.29/MMBtu. She said the change is due entirely to disallowance of Pipeline Safety Enhancement Program expense recovery until the current rate case is completed. PG&E's proposal through the current rate case has been to increase the rate to \$1.003/MMBtu with a justification for "pipeline safety." Jan said experts on natural gas rate cases expect the rate to increase to a level close to \$.80/MMBtu around May 1. She discussed various scenarios and the five cases which were tested. The five cases had a wide range of differences. Jan noted case no. 4 demonstrates results using \$.75 rate which seems reasonable in light of PG&E's request for \$1.00. Case no. 5 utilizes the \$.54 rate beginning in January, 2015. Jan's recommendation was to go forward with case no. 5 since forward prices do not yet reflect the rate change using \$.29 beginning January 1, 2015, much less a higher rate sometime next spring or summer. She also provided the Capacity Factor results for each of the five cases. Staff is seeking direction from the PPC.

Martin Caballero commented that in his opinion it seems more likely that the rate will be closer to the \$1.00 mark than \$.54. Discussion was had about using \$1.00 for the balance of the year or adopting a discounted rate of about \$.80. Martin said he thinks \$.80 sounds reasonable based on the pending penalties. Mike Werner agreed. It was noted there will be no retroactive billing through May; the price set at \$.29.

The group discussed using the \$.29 rate through May 2015 and then using \$.80 for the remainder of the year. Further, for purposes of calculating outputs using the capacity factor of 61.56% calculated based on case no. 5. This was the unanimous direction given by the Project Participants present at the meeting.

16. Other New Business

Dave Dockham advised the Committee that earlier today he forwarded to the group an email he received from Gillian Biedler which explains the status of NCPA's efforts at the CAISO and the purported schedule for dealing with the issue of regulation energy make-whole payments. He noted that the CAISO will be accepting further comments within the stakeholder catalog process so there will be a further opportunity to file comments on this issue.

Adjournment

The next regular meeting of the PPC is scheduled for Monday, February 9, 2015. The meeting was adjourned at 12:00 p.m.



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Lodi Energy Center Project Participant Committee Operational Report

Agenda Item No.: 3

Date: 2/09/2015
To: Lodi Energy Center Project Participant Committee

Safety

- OSHA Recordable: 0 Accidents

Notice of Violations

- Permits: 0 Violations
- NERC/WECC: 0 Violations

Outage Summaries:

- No Outages during the month of January

Planned Outage Summaries:

- 2015, May 1st – May 9th: Balance of Plant, Outage Work

Generating Unit Statistics:

LEC

Report**Date:**

Start Date 1/1/2015

End Date 1/31/2015

1. Monthly Production 196,014 MWH
2. Productivity Factor
- a. Service Hours 731 Hours
 - b. Service Factor 98.20 %
 - c. Capacity Factor @ 280MW Pmax 94.09 %
 - d. Capacity Factor @ 302MW Pmax 87.24 %
3. Equivalent Operating Availability (EOA) 100.00 %
4. Forced Outage Rate (FOR)
- a. Combustion Turbine Generator 0.00 %
 - b. Steam Turbine Generator 0.00 %
5. Heat Rate Deviation (HRD)
- a. Fuel Cost (Not Current Market Price) 4.00 \$/mmBTU

MW Range		Average HR	PMOA HR	Deviation	Production	Cost
		BTU/kW-Hr	BTU/kW-Hr	%	MWH	\$
Seg. 1	296 - 302	6,850	6850	0.00%	0	\$0
Seg. 2	284 - 296	6,955	6870	1.23%	94,184	\$31,903
Seg. 3	275 - 284	6,962	6971	-0.12%	20,589	-\$703
Seg. 4	250 - 275	6,998	7081	-1.18%	54,513	-\$18,170
Seg. 5	225 - 250	7,061	7130	-0.97%	14,177	-\$3,908
Seg. 6	200 - 225	7,161	7315	-2.11%	6,544	-\$4,032
Seg. 7	175 - 225	7,332	7711	-4.91%	4,534	-\$6,867
Seg. 8	165 - 175	7,649	7856	-2.64%	1,263	-\$1,046
					195,804	-\$2,823

6. AGC Control Deviation

MW Range		High Dev	Low Dev	Absolute Dev	Cost
		MWH	MWH	MWH	\$
Seg. 1	296 - 302	0	0	0	\$0
Seg. 2	284 - 296	296	-125	420	\$11,689
Seg. 3	275 - 284	69	-51	120	\$3,331
Seg. 4	250 - 275	214	-55	269	\$7,532
Seg. 5	225 - 250	69	-34	103	\$2,913
Seg. 6	200 - 225	36	-22	57	\$1,644
Seg. 7	175 - 225	21	-16	37	\$1,096
Seg. 8	165 - 175	5	-3	9	\$261
		710	-305	1,015	\$28,466

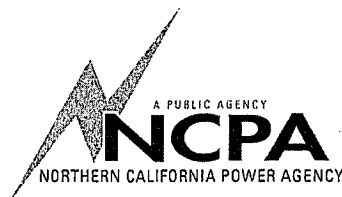
7. Starting Reliability

Start Type	Hot Starts	Warm Starts	Cold Starts
Number of Starts	1	0	0
Start Time Benchmark (Minutes)	85	160	235
Start Time Actual (Average Minute)	98.0	160.0	235.0
Start Time Deviation (%)	15.3%	0.0%	0.0%
Start Fuel Benchmark PMOA (mmBTU)	1,967	5,200	5,430
Start Fuel Actual (Average mmBTU)	1,797	5,200	5,430
Fuel Deviation	-8.7%	0.0%	0.0%
Costs of Fuel Deviations (\$)	-\$681	\$0	\$0

Definitions:

1. Monthly Production = Plant Net MWH's
2. Capacity Factor
 - a. Service Hours = In Production or in Service State
 - b. Service Factor = $SH / PH \times 100\%$
 - c. Capacity Factor = $Production / 302MW \times PH$
 - d. Capacity Factor = $Production / 280MW \times PH$
3. Monthly Equivalent Availability Factor (EAF) = $(AH - EPDH - EFDH) / PH \times 100\%$
4. Forced Outage Rate = $(FOH / (FOH + SH)) \times 100\%$
5. Heat Rate Deviation (HRD)
 - a. Fuel Cost = Cost of Fuel in \$/mmBTU
 - b. Average Heat Rate = The Average Heat Rate for the given Range
 - c. Heat Rate Deviation = $(Heat\ Rate\ Average - Heat\ Rate\ Expected) / Heat\ Rate\ Expected \times 100\%$
 - d. Production = The Sum of Production for the given Range
 - e. Costs of Heat Rate Deviations = $(Average\ Heat\ Rate - Expected\ Heat\ Rate) \times Production \times Cost\ of\ Fuel$
6. AGC Deviation-
 - a. MWH's = AGC Set Point Generation - LEC Actual Generation
 - b. Cost of Deviations = Fuel Cost x Heat Rate x Generation
7. Starting Reliability
 - a. Number of Starts = Start Count for Hot, Warm, and Cold
 - b. Start Time = Average Time from 0 Fuel Flow to Pmin
 - c. Start Fuel = Average Fuel Consumption to Pmin
 - d. Cost of Fuel Deviation = $(Actual\ Fuel\ Consumed - Expected\ Fuel) \times Cost\ of\ Fuel$

Lodi Energy Center Monthly Budget Analysis		Means Actual or Means Actual or Means Actual or Means Actual or Estimated values Means Forecast Means Forecast Means Forecast Means Forecasted values																		
		July	August	September	October	November	December	December (Estimate)	December (Diff)	December Estimate vs Actual (Diff %)	January	February	March	April	May	June	Year End Projection	FY2015 Budget	Percent Used	Comments
VOM		5,013,750	3,005,870	7,220,696	8,204,731	2,285,209	4,085,871	5,296,073	1,210,203	23%	5,330,591	5,945,681	7,325,272	3,972,984	1,636,227	2,553,654	57,121,904	51,681,547	110.5%	
	Capacity Factor	57%	33%	89%	87%	26%	51%	51%	0%	-1%	68%	94%	91%	57%	24%	36%	59%	52%		
	Fuel Consumed (mmBTU, estimated)	841,281	498,061	1,261,077	1,261,077	377,086	765,116	723,778	-41,338	-6%	967,891	1,217,656	1,296,280	792,312	329,286	493,426	10,100,550	9,123,040	110.7%	
	Avg Fuel Cost (\$/mmBTU)	5.23	5.05	4.96	4.97	5.13	4.45	5.49	1.04	19%	3.97	3.98	4.04	4.09	4.12	4.36	4.53	4.51		
	Power Produced (MWhr, estimated)	118,475	69,005	178,828	178,828	51,635	106,336	105,661	-675	-1%	141,298	177760	189238	115666	48071	72033	1,447,173	1,274,807	113.5%	
	Avg Power Price (\$/MWhr)	51.48	48.21	45.28	45.28	49.51	43.40	50.00	6.60	13%	36.81	35.19	35.69	38.25	39.38	41.16	42.47	43.88		
	Operations / Variable / LSTA	33,177	143,351	75,472	1,053,321	85,959	130,448	753,474	623,026	83%	743,862	173,138	1,099,251	112,659	46,821	494,546	4,192,005	3,651,332	114.8%	
	Fuel (estimated)	4,398,896	2,515,899	6,260,014	6,266,698	1,932,834	3,406,639	3,973,540	566,901	14%	3,839,484	4,842,989	5,239,077	3,241,241	1,355,118	2,152,735	45,451,625	41,167,130	110.4%	
	AB32 GHG Offset (estimated)	532,550	314,769	809,067	809,067	244,760	504,456	528,305	23,849	5%	706,490	888,800	946,190	578,330	240,355	360,165	6,934,999	6,374,035	108.8%	
	CA ISO Charges (estimated)	49,127	31,851	76,143	75,645	21,656	44,328	40,754	-3,574	-9%	40,754	40,754	40,754	40,754	40,754	40,754	543,274	489,050	111.1%	
Routine O&M (Fixed)		552,933	791,135	793,683	677,404	878,278	1,488,858	1,827,457	338,599	19%	814,855	822,855	822,855	764,908	764,908	762,908	8,692,553	8,935,879	97.3%	
	Maintenance / Fixed	31,638	191,168	148,448	225,573	224,966	285,636	200,000	-85,636	-43%	179,947	187,947	187,947	130,000	130,000	128,000	2,051,270	1,765,358	116.2%	
	Administration	106,163	96,717	188,734	18,250	7,496	188,236	104,068	(84,168)	-81%	104,068	104,068	104,068	104,068	104,068	104,068	1,230,004	1,250,914	98.3%	
	Mandatory Costs	27,186	10,162	7,623	1,763	13,784	2,227	18,333	16,106	88%	26,209	26,209	26,209	26,209	26,209	26,209	219,999	220,000	100.0%	
	Inventory Stock	0	91,974	43,909	28,659	5,803	0	36,364	36,364	100%	36,364	36,364	36,364	36,364	36,364	36,364	388,529	400,000	97.1%	
	Labor	286,415	284,596	288,276	304,166	522,865	121,672	364,797	243,125	67%	364,797	364,797	364,797	364,797	364,797	364,797	3,996,772	4,299,182	93.0%	
	Insurance	0	0	13,885	0	0	792,094	1,000,425	208,331	21%	0	0	0	0	0	0	805,979	1,000,425	80.6%	
	Power Management & Settlements	98,993	98,993	98,993	98,993	98,993	98,993	98,993	0	0%	98,993	98,993	98,993	98,993	98,993	98,993	1,187,916	1,187,916	100.0%	
	Other Costs	2,538	17,525	3,815	0	4,371	0	4,477	4,477	100%	4,477	4,477	4,477	4,477	4,477	4,477	55,111	51,781	106.4%	
Projects		150,000	155,088	150,000	150,000	152,168	159,770	603,751	443,981	74%	241,559	241,559	241,559	241,559	703,998	4,203,998	6,791,258	6,791,260	100.0%	
	Maintenance Reserve	150,000	150,000	150,000	150,000	150,000	150,000	150,000	0	0%	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000	1,800,000	100.0%	
	Operations & Maintenance Projects	0	0	0	0	0	8,512	30,227	21,715	72%	53,998	53,998	53,998	53,998	53,998	53,998	332,500	332,500	100.0%	
	Capital Projects	0	5,088	0	0	2,168	1,258	423,524	422,266	100%	37,561	37,561	37,561	37,561	500,000	4,000,000	4,658,758	4,658,760	100.0%	
A&G		104,462	121,410	131,651	132,694	127,777	113,545	187,422	73,877	39%	187,422	187,422	187,422	187,422	187,422	187,422	1,856,071	2,166,107	85.7%	
	Administrative & General (Allocated)	86,419	101,714	108,222	111,235	108,310	93,570	149,294	55,724	37%	149,294	149,294	149,294	149,294	149,294	149,294	1,505,234	1,728,654	87.1%	
	Generation Services Shared	18,043	19,696	23,429	21,459	19,467	19,975	38,128	18,153	48%	38,128	38,128	38,128	38,128	38,128	38,128	350,837	437,453	80.2%	
Total O&M Cost		5,821,145	4,073,503	8,296,030	9,164,829	3,443,432	5,848,044	7,914,703	2,066,660	26%	6,574,427	7,197,517	8,577,108	5,166,873	3,292,555	7,707,982	74,461,786	69,574,793	107.0%	
Debt Service		2,203,158	2,203,158	2,203,158	2,203,158	2,203,158	2,203,158	2,203,158	0	0%	2,203,158	2,203,158	2,203,158	2,203,158	2,203,158	2,203,157	24,234,737	26,437,890	91.7%	
Revenues		6,099,407	3,326,855	8,097,556	8,097,927	2,556,565	4,615,131	5,283,050	667,919	13%	5,201,814	6,254,937	6,754,195	4,423,977	1,892,946	2,964,894	60,286,203	55,938,024	107.8%	
	ISO Energy Sales (estimated)	6,098,942	3,326,733	8,097,456	8,097,927	2,556,565	4,615,068	5,283,050	667,982	13%	5,201,814	6,254,937	6,754,195	4,423,977	1,892,946	2,964,894	60,285,453	55,938,024		
	Other Income	465	122	100	0	0	63	0	-63	#DIV/0!	0	0	0	0	0	0	750	-		
Net		(\$1,924,896)	(\$2,949,806)	(\$2,401,632)	(\$3,270,060)	(\$3,090,025)	(\$3,436,071)	(\$4,834,811)	(\$1,398,741)	29%	(\$3,575,770)	(\$3,145,739)	(\$4,026,071)	(\$2,946,055)	(\$3,602,767)	(\$6,946,246)	(\$38,410,320)	(\$40,074,659)	Below budget by 4.15%	



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LEC Treasurer's Report

AGENDA ITEM NO.: 7

Date: February 4, 2015

To: LEC Project Participant Committee

Subject: Treasurer's Report for the Month Ended January 31, 2015

In compliance with NCPA policy and State of California Government Code Sections 53601 and 53646(b), the following monthly report is submitted for your information and acceptance.

Cash - At month end cash totaled \$0.

The cash balance held at U.S. Bank includes outstanding checks that have not yet cleared.

Investments - The carrying value of the LEC's investment portfolio totaled \$31,494,533 at month end. The current market value of the portfolio totaled \$32,424,920.

The overall portfolio had a combined weighted average interest rate of 0.480% with a bond equivalent yield (yield to maturity) of 0.498%. Investments with a maturity greater than one year totaled \$17,340,000. During the month \$2 million was invested.

Funds not required to meet annual cash flow are reinvested and separately reported as they occur.

Interest Rates - During the month, rates on 90 day T-Bills basis points stayed the same (at 0.03%) and rates on one year T-Bills decreased 8 basis points (from 0.25% to 17%).

To the best of my knowledge and belief, all securities held by LEC as of February 9, 2015 are in compliance with the Agency's investment policy. There are adequate cash flow and investment maturities to meet next month's cash requirements.

Environmental Analysis

The Treasurer's report will 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 of the California Environmental Quality Act. No environmental review is necessary.

Respectfully submitted,

DONNA STEVENER
Assistant General Manager/CFO
Administrative Services/Finance

Prepared by:

SONDRA AINSWORTH
Treasurer-Controller

Attachments

LODI ENERGY CENTER

TREASURER'S REPORT

JANUARY 31, 2015

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Northern California Power Agency/Lodi Energy Center
Treasurer's Report
Cash & Investment Balance
January 31, 2015

	CASH	INVESTMENTS	TOTAL	PERCENT	INVESTMENTS at MARKET
MANDATORY FUNDS					
Debt Service Account	-	8,984,592	8,984,592	27.725%	8,984,683
Debt Service Reserve	-	11,772,062	11,772,062	36.327%	11,776,984
O & M Reserve	-	10,666,965	10,666,965	32.917%	10,681,191
	-	31,423,618	31,423,618	96.969%	31,442,858
ADDITIONAL PROJECT FUNDS					
GHG Cash Account	-	70,913	70,913	0.219%	70,913
Transmission Upgrade Escrow	911,149		911,149	2.812%	911,149
Participant Deposit Account	-	1	1	0	-
	\$ 911,149	\$ 31,494,533	\$ 32,405,682	100.000%	\$ 32,424,920

NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency/Lodi Energy Center
Treasurer's Report
Cash Activity Summary
January 31, 2015

	RECEIPTS			EXPENDITURES			CASH INCREASE / (DECREASE)
	OPS/CONSTR	INTEREST (NOTE B)	INVESTMENTS (NOTE A)	OPS/CONSTR	INVESTMENTS (NOTE B)	INTER-COMPANY/ FUND TRANSFERS	
MANDATORY FUNDS							
Debt Service Account	\$ -	\$ 27	\$ -	\$ -	\$ (2,211,523)	\$ 2,211,496	\$ -
Debt Service Reserve	-	58	-	-	(58)	-	-
O & M Reserve	-	967	(967)	-	-	-	-
	-	1,052	(967)	-	(2,211,581)	2,211,496	-
ADDITIONAL PROJECT FUNDS							
GHG Cash Account	-	45	(45)	-	-	-	-
Transmission Upgrade Escrow ¹	-	23	-	-	-	-	23
Participant Deposit Account	-	1	-	-	-	-	1
TOTAL	\$ -	\$ 1,097	\$ (1,012)	\$ -	\$ (2,211,581)	\$ 2,211,496	\$ 24

NOTE A -Investment amounts shown at book carrying value.

NOTE B -Net of accrued interest purchased on investments.

Northern California Power Agency/Lodi Energy Center
Treasurer's Report
Investment Activity Summary
January 31, 2015

	PURCHASED	SOLD OR MATURED	(NON-CASH) DISC/(PREM) AMORT	(NON-CASH) GAIN/(LOSS) ON SALE	INVESTMENTS TRANSFERS	INCREASE / (DECREASE)
MANDATORY FUNDS						
Debt Service Account	2,211,523	-	214	-	-	2,211,737
Debt Service Reserve	58	-	(159)	-		(101)
O & M Reserve	-	967	221	-		1,188
	<u>2,211,581</u>	<u>967</u>	<u>275</u>	<u>-</u>	<u>-</u>	<u>2,212,823</u>
ADDITIONAL PROJECT FUNDS						
GHG Cash Account		45	-	-		45
Participant Deposit Acct.		1	-	-	-	1
TOTAL	<u>\$ 2,211,581</u>	<u>\$ 1,013</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,212,870</u>

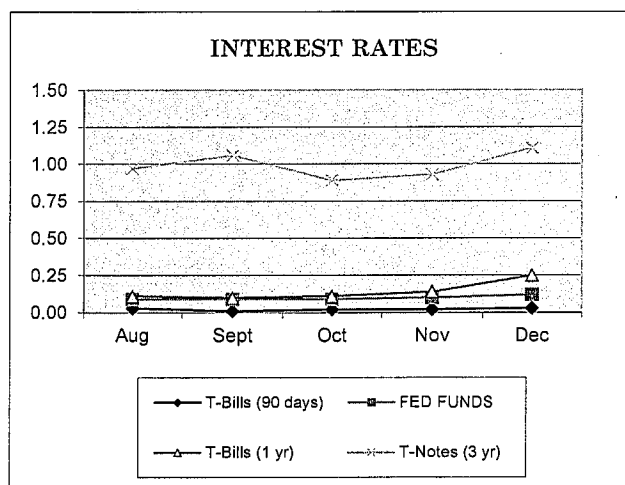
Less Non- Cash Activity	
Disc/(Prem) Amortization & Gain/(Loss) on Sale	(275)
Net Change in Investment --Before Non-Cash Activity	<u>\$ 2,212,595</u>

NOTE A -Investment amounts shown at book carrying value.

**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
INTEREST RATE/YIELD ANALYSIS
January 31, 2015**

	<u>WEIGHTED AVERAGE INTEREST RATE</u>	<u>BOND EQUIVALENT YIELD</u>
OVERALL COMBINED	<u><u>0.480%</u></u>	<u><u>0.498%</u></u>
<u>Construction Revolving Acct</u>	0.000%	0.000%
<u>Funds:</u>		
Debt Service Account	0.087%	0.087%
Debt Service Reserve	0.545%	0.570%
O & M Reserve	0.741%	0.766%
GHG Cash Account	0.208%	0.208%

KEY INTEREST RATES		
	<u>CURRENT</u>	<u>PRIOR YEAR</u>
Fed Fds (Ovrnight)	0.13%	0.09%
T-Bills (90da.)	0.03%	0.03%
Agency Disc (90da.)	0.07%	0.03%
T-Bills (1yr.)	0.17%	0.11%
Agency Disc (1yr.)	0.22%	0.14%
T-Notes (3yr.)	0.87%	0.61%



Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
January 31, 2015

Type	0-7 Days	8-90 Days	91-180 Days	181-270 Days	271-360 Days	1-5 Years	5-10 Years	Total	Percent
US Government Agencies	\$0	\$0	\$3,383	\$0	\$0	\$17,340	\$0	\$20,723	65.80%
US Bank Trust Money Market	9,020							9,020	28.64%
Commercial Paper	0							0	0.00%
Investment Trusts (LAIF)	1,752							1,752	5.56%
U.S.Treasury Market Acct. *	0							0	0.00%
U.S.Treasury Bill								0	0.00%
Certificates of Deposit		0						0	0.00%
Total Dollars	\$10,772	\$0	\$3,383	\$0	\$0	\$17,340	\$0	\$31,495	100.00%
Total Percents	34.20%	0.00%	10.74%	0.00%	0.00%	55.06%	0.00%	100.00%	

Investment are shown at Face Value, in thousands.

* The cash balance held at US Bank includes outstanding checks that have not yet cleared. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement.

** Cash held by Union Bank of California is invested nightly in fully collateralized U.S. Treasury Securities.

NORTHERN CALIFORNIA POWER AGENCY

Detail Report Of Investments

APPENDIX

Note: This appendix has been prepared to comply with
Government Code section 53646.



Northern California Power Agency

Treasurer's Report

01/31/2015

LEC O & M Reserve

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm		1,681,111	0.254	07/01/2013	1,681,111		1	0.254	1,681,111	SYS70047	70047	1,681,111
Union Bank of Califo	UBOC	0	0.002	07/18/2013	0		1	0.002	0	SYS70041	70041	0
Federal Home Loan Mt	UBOC	3,000,000	0.500	10/25/2013	2,992,800	06/06/2016	491	0.592	2,994,720	3134G46A1	26052	2,996,289
Federal Home Loan Mt	UBOC	2,992,000	0.800	09/23/2014	2,991,102	12/23/2016	691	0.813	2,994,334	3134G5HP3	26162	2,991,244
Federal Farm Credit	UBOC	2,997,000	1.220	09/23/2014	2,998,499	09/18/2017	960	1.202	3,011,026	3133EDV74	26161	2,998,320
Fund Total and Average		\$ 10,670,111	0.748		\$ 10,663,512		602	0.773	\$ 10,681,191			\$ 10,666,964
GRAND TOTALS:		\$ 10,670,111	0.748		\$ 10,663,512		602	0.773	\$ 10,681,191.			\$ 10,666,964

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2015

Investment # 26052 – FHLMC - Callable Quarterly.
Investment # 26161 – FFCB - Callable 9/18/2015, then anytime.
Investment # 26162 – FHLMC –Callable Quarterly.



Northern California Power Agency

Treasurer's Report

01/31/2015

LEC Issue#1 2010A DS Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	1,739,634	0.100	07/01/2013	1,739,634		1	0.100	1,739,634	SYS79003	79003	1,739,634
Federal Home Loan Ba	USBT	694,000	0.090	11/26/2014	693,684	05/27/2015	115	0.091	693,875	313384GC7	26181	693,800
Federal National Mtg	USBT	1,387,000	0.065	10/28/2014	1,386,459	06/01/2015	120	0.065	1,386,681	313588GH2	26175	1,386,699
Fund Total and Average		\$ 3,820,634	0.085		\$ 3,819,777		65	0.086	\$ 3,820,190			\$ 3,820,133

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	1,496,681	0.100	07/01/2013	1,496,681		1	0.100	1,496,681	SYS79004	79004	1,496,681
Fund Total and Average		\$ 1,496,681	0.100		\$ 1,496,681		1	0.100	\$ 1,496,681			\$ 1,496,681

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	1,646,899	0.100	07/01/2013	1,646,899		1	0.100	1,646,899	SYS79011	79011	1,646,899
Federal Home Loan Ba	USBT	434,000	0.090	11/26/2014	433,803	05/27/2015	115	0.091	433,922	313384GC7	26182	433,875
Federal National Mtg	USBT	868,000	0.065	10/28/2014	867,661	06/01/2015	120	0.065	867,800	313588GH2	26176	867,812
Fund Total and Average		\$ 2,948,899	0.088		\$ 2,948,363		53	0.089	\$ 2,948,621			\$ 2,948,586

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	719,191	0.100	07/01/2013	719,191		1	0.100	719,191	SYS79012	79012	719,191
Fund Total and Average		\$ 719,191	0.100		\$ 719,191		1	0.100	\$ 719,191			\$ 719,191
GRAND TOTALS:		\$ 8,985,405	0.090		\$ 8,984,012		45	0.090	\$ 8,984,683			\$ 8,984,591

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types.

Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2015



Northern California Power Agency
Treasurer's Report
01/31/2015

LEC Issue #1 2010 DSR Fund

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
US Bank Trust	USB	70,140	0.100	07/01/2013	70,140		1	0.100	70,140	SYS79005	79005	70,140
Federal Home Loan Mt	USB	4,181,000	0.580	05/30/2014	4,183,927	08/26/2016	572	0.548	4,173,474	3134G56B6	26135	4,183,052
Federal National Mtg	USB	4,170,000	0.875	05/30/2014	4,171,960	08/28/2017	939	0.977	4,186,055	3135GOMZ3	26136	4,171,556
Fund Total and Average		\$ 8,421,140	0.722		\$ 8,426,027		749	0.757	\$ 8,429,669			\$ 8,424,748

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	2,260,900	0.100	07/01/2013	2,260,900		1	0.100	2,260,900	SYS79006	79006	2,260,900
Fund Total and Average		\$ 2,260,900	0.100		\$ 2,260,900		1	0.100	\$ 2,260,900			\$ 2,260,900

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	1,086,415	0.100	07/01/2013	1,086,415		1	0.100	1,086,415	SYS79013	79013	1,086,415
Fund Total and Average		\$ 1,086,415	0.100		\$ 1,086,415		1	0.100	\$ 1,086,415			\$ 1,086,415
GRAND TOTALS:		\$ 11,768,455	0.545		\$ 11,773,342		536	0.570	\$ 11,776,984			\$ 11,772,063

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2015

Investment # 26135 - FHLMC - Callable semi-annually.



Northern California Power Agency
Treasurer's Report
01/31/2015

Page 1

LEC GHG Auction Acct

Issuer	Trustee / Custodian	Stated Value	Interest Rate	Purchase Date	Purchased Price	Maturity Date	Days to Maturity	Bond* Equiv Yield	Market Value	CUSIP	Investment #	Carrying Value
Local Agency Investm		70,913	0.254	07/01/2013	70,913		1	0.254	70,913	SYS70046	70046	70,913
Fund Total and Average		\$ 70,913	0.254		\$ 70,913		1	0.254	\$ 70,913			\$ 70,913
GRAND TOTALS:		\$ 70,913	0.254		\$ 70,913		1	0.254	\$ 70,913.			\$ 70,913

*Bond Equivalent Yield to Maturity is shown based on a 365 day year to provide a basis for comparison between all types. Investments with less than 6 months to maturity use an approximate method, all others use an exact method.

Current Market Value is based on prices from Trustee/ Custodian Statements or bid prices from the Wall Street Journal as of 01/31/2015



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LEC Financial Reports

AGENDA ITEM NO.: 8

Date: February 4, 2015

Subject: January 31, 2015 Financial Reports (Unaudited)

**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
STATEMENT OF NET POSITION
UNAUDITED**

ASSETS	January 31	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 70,868	\$ 65,195
Interest receivable	12,811	2,418
Inventory and supplies - at average cost	1,353,390	1,045,368
Prepaid insurance	13,885	781,761
Due from (to) Agency, net	26,023,316	16,877,589
TOTAL CURRENT ASSETS	27,474,270	18,772,331
RESTRICTED ASSETS		
Cash and cash equivalents	9,331,149	4,621,157
Investments	23,002,290	26,771,055
Interest receivable	22,924	9,680
TOTAL RESTRICTED ASSETS	32,356,363	31,401,892
ELECTRIC PLANT		
Electric plant in service	423,372,867	423,354,890
Less: accumulated depreciation	(31,650,465)	(17,051,633)
	391,722,402	406,303,257
Construction work-in-progress	3,425	-
TOTAL ELECTRIC PLANT	391,725,827	406,303,257
OTHER ASSETS		
Regulatory assets	14,886,312	13,169,583
TOTAL OTHER ASSETS	14,886,312	13,169,583
TOTAL ASSETS	\$ 466,442,772	\$ 469,647,063

**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
STATEMENT OF NET POSITION
UNAUDITED**

	January 31	
	2015	2014
LIABILITIES & NET POSITION		
CURRENT LIABILITIES		
Accounts and retentions payable	\$ 4,901,395	\$ 5,349,267
Operating reserves	12,474,923	11,230,063
Current portion of long-term debt	9,025,000	8,640,000
Accrued interest payable	2,876,821	2,964,305
TOTAL CURRENT LIABILITIES	29,278,139	28,183,635
NON-CURRENT LIABILITIES		
Operating reserves and other deposits	981,974	65,099
Regulatory liability	45,891,204	44,964,392
Long-term debt, net	372,289,434	382,298,299
TOTAL NON-CURRENT LIABILITIES	419,162,612	427,327,790
TOTAL LIABILITIES	448,440,751	455,511,425
NET POSITION		
Invested in capital assets, net of related debt	(8,821,262)	(8,352,298)
Restricted	6,075,992	2,924,398
Unrestricted	20,747,291	19,563,538
TOTAL NET POSITION	18,002,021	14,135,638
TOTAL LIABILITIES AND NET POSITION	\$ 466,442,772	\$ 469,647,063

**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
STATEMENT OF REVENUES, EXPENSES
& CHANGES IN NET POSITION
UNAUDITED**

	Seven Months Ended January 31	
	2015	2014
SALES FOR RESALE		
Participants	\$ 22,497,608	\$ 22,437,178
Other	43,187,079	36,502,943
TOTAL SALES FOR RESALE	65,684,687	58,940,121
OPERATING EXPENSES		
Operations	33,236,047	26,153,584
Depreciation	8,516,110	8,515,759
Maintenance expenses	3,747,344	5,153,800
Administrative and general	2,869,763	3,415,632
Transmission	4,255,909	452,615
Intercompany (sales) purchases	281,538	286,248
TOTAL OPERATING EXPENSES	52,906,711	43,977,638
NET OPERATING REVENUES	12,777,976	14,962,483
OTHER REVENUES (EXPENSES)		
Interest expense	(9,606,828)	(9,225,199)
Interest income	101,252	50,377
Other	2,322,760	1,237,105
TOTAL OTHER REVENUES (EXPENSES)	(7,182,816)	(7,937,717)
FUTURE RECOVERABLE AMOUNTS	2,268,164	2,817,472
REFUNDS TO PARTICIPANTS	530,909	(1,185,594)
INCREASE IN NET POSITION	8,394,233	8,656,644
NET POSITION		
Beginning of year	9,607,788	5,478,994
End of period	\$ 18,002,021	\$ 14,135,638

**Lodi Energy Center
FY 2015 Operating Costs
As of January 31, 2015**

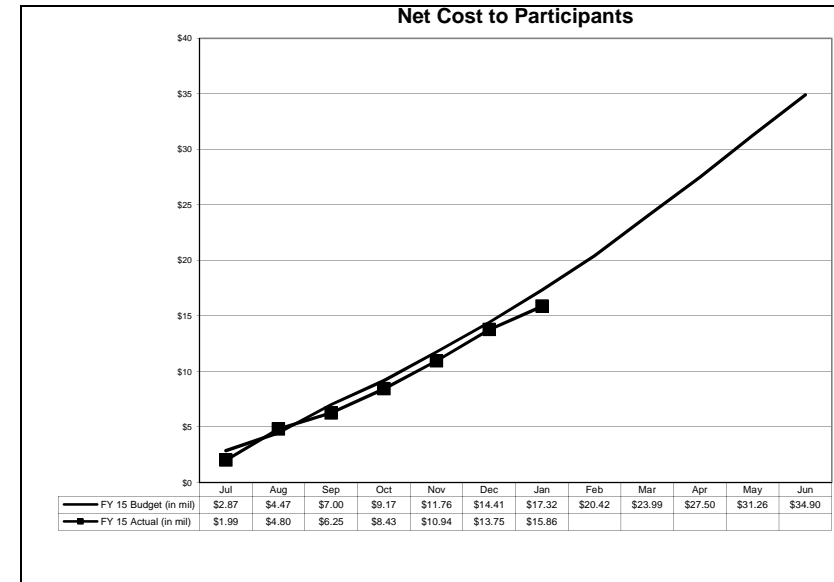
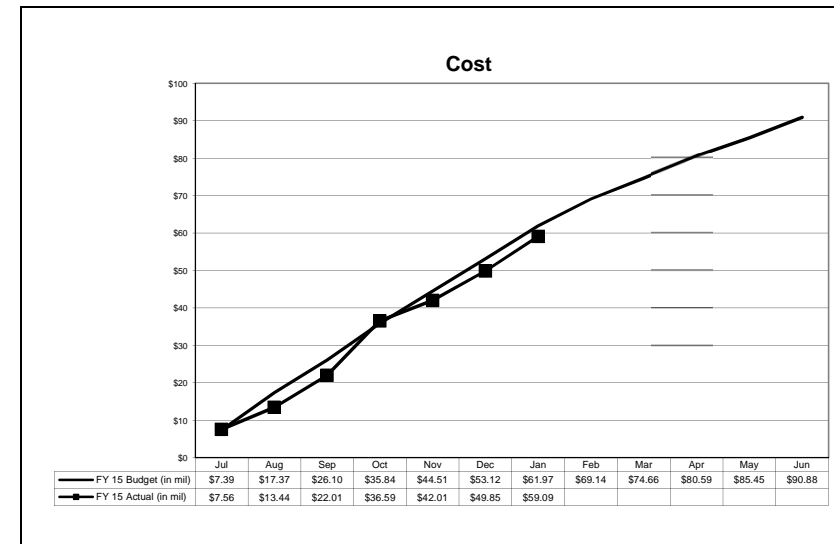
	Annual Budget	Actual	Remaining	YTD % Remaining	Notes
Routine O&M Costs					
Variable	\$ 3,651,332	\$ 1,948,518	\$ 1,702,814	47%	A
Fixed	1,765,358	1,267,603	497,755	28%	
Administration	1,250,914	626,180	624,734	50%	
Mandatory Costs	220,000	66,293	153,707	70%	
Inventory Stock	400,000	182,032	217,968	54%	
Routine O&M Costs without Labor	7,287,604	4,090,626	3,196,978	44%	
Labor	4,299,182	2,289,891	2,009,291	47%	
Total Routine O&M Cost	11,586,786	6,380,517	5,206,269	45%	
Other Costs					B C
Fuel	41,167,130	29,903,795	11,263,335	27%	
CA ISO Charges	489,050	4,255,909	(3,766,859)	-770%	
Debt Service	26,437,890	15,422,107	11,015,783	42%	
Insurance	1,000,425	470,154	530,271	53%	
Other Costs	51,781	32,620	19,161	37%	
Generation Services Shared	437,453	142,068	295,385	68%	
Administrative & General (Allocated)	1,728,654	719,470	1,009,184	58%	
Power Management Allocated Costs	1,187,916	692,951	494,965	42%	
Total O&M Cost	84,087,085	58,019,591	26,067,494	31%	
Projects					
Operations & Maintenance	332,500	8,512	323,988	97%	
Capital	4,658,760	8,513	4,650,247	100%	
Maintenance Reserve	1,800,000	1,050,000	750,000	42%	
Total Projects	6,791,260	1,067,025	5,724,235	84%	
Annual Cost	90,878,345	59,086,616	31,791,729	35%	
Less: Third Party Revenue					
Interest Income	44,489	39,327	5,162	12%	
ISO Energy Sales	54,517,593	42,045,840	12,471,753	23%	
Ancillary Services Sales	1,420,431	1,141,239	279,192	20%	
Other Income	-	750	(750)	N/A	
	55,982,513	43,227,156	12,755,357	23%	
Net Annual Cost to Participants	\$ 34,895,832	\$ 15,859,460	\$ 19,036,372	55%	
Total Variable Costs	45,307,512	36,108,222	9,199,290		
Total Fixed Costs	45,570,833	22,978,394	22,592,439		
	\$ 90,878,345	\$ 59,086,616	\$ 31,791,729		
Net Cumulative Generation (MWh)	1,207,542	918,015			
Total O&M Cost Per MWh	\$ 69.63	\$ 63.20			
Net Annual Cost Per MWh	\$ 28.90	\$ 17.28			

Footnotes:

A - Higher costs due to repairs to boilers and turbines.

B - Actual gas costs per mmBtu were higher than budgeted for October, November and December.

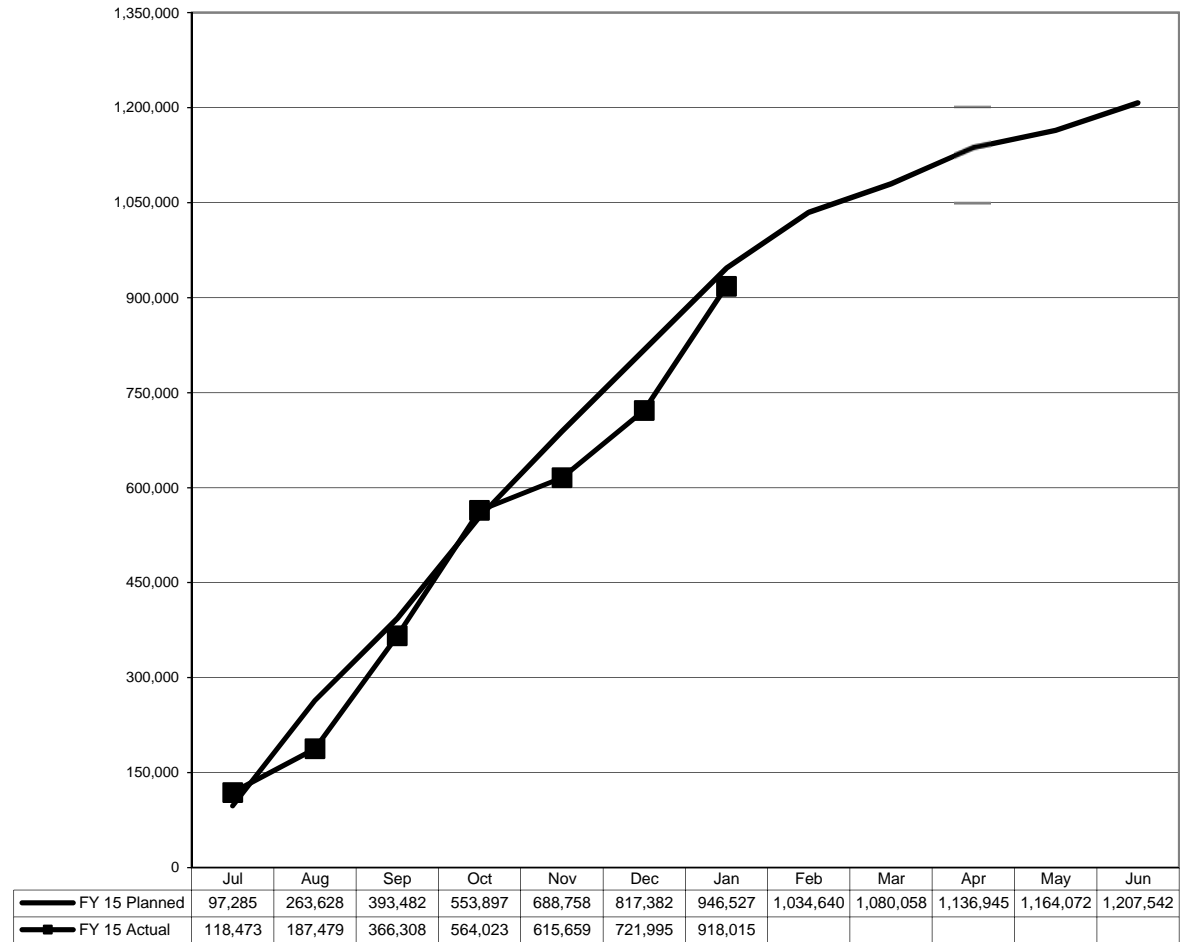
C - Costs are higher than expected due to load balancing requirements at CA ISO.



Annual Budget LEC Generation Analysis Planned vs. Actual FY 2015

In MWh

Lodi Energy Center



2013 NCPA All Resources Bill LEC GHG Compliance Instrument Detail Report
for the Lodi Energy Center

IDENTIFIER	Actual													Compliance Year 2013
	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Total
Energy (MWh)	0	82,787	101,925	128,167	134,284	32,545	80,153	122,492	94,615	92,091	98,739	105,078	138,068	1,210,944
Gas Schedule (MMBtu)	0	593,484	723,038	894,657	952,529	229,724	579,650	870,331	673,965	650,250	692,396	738,008	965,292	8,563,324
Emissions Factor (MT/MMBtu)	0	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054
Monthly MT Emissions (MT)	0	32,027	39,019	48,280	51,403	12,397	31,281	46,967	36,371	35,091	37,365	39,827	52,092	462,120
Cumulative MT Obligation (MT)	0	32,027	71,046	119,326	170,730	183,127	214,407	261,375	297,745	332,836	370,201	410,028	462,120	462,120
Compliance Instrument Participant Transfers (to LEC)														
Auction Allowances	92,695	5,350	0	13,644	105,000	50,632	30,628	1,600	102,200	12,594	0	0	46,290	460,633
Secondary Market Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve Sale Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Offsets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Compliance Instrument Participant Transfers (MT)	92,695	5,350	0	13,644	105,000	50,632	30,628	1,600	102,200	12,594	0	0	46,290	460,633
NCPA Compliance Instrument Purchases (for LEC)														
Auction Purchases	47,000	0	0	0	0	0	0	0	0	0	0	0	0	47,000
Secondary Market Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve Sale Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Offset Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total NCPA Compliance Instrument Purchases (MT)	47,000	0	0	0	0	0	0	0	0	0	0	0	0	47,000
Compliance Instruments Surrendered to CARB (MT)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Monthly Activity (MT)	139,695	5,350	0	13,644	105,000	50,632	30,628	1,600	102,200	12,594	0	0	46,290	507,633
Cumulative MT Account Balance [MTA] (MT)	139,695	145,045	145,045	158,689	263,689	314,321	344,949	346,549	448,749	461,343	461,343	461,343	507,633	507,633
MTA Shortfall (MT)	(139,695)	(113,018)	(73,999)	(39,363)	(92,959)	(131,194)	(130,542)	(85,174)	(151,004)	(128,507)	(91,142)	(51,315)	(45,513)	(45,513)

2013 NCPA All Resources Bill LEC GHG Compliance Instrument Detail Report for the Lodi Energy Center	2014 NCPA All Resources Bill LEC GHG Compliance Instrument Detail Report for the Lodi Energy Center												
	Actual												Compliance Year 2014
IDENTIFIER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Total
Energy (MWh)	136,604	156,089	120,489	55,378	71,210	51,037	118,473	69,006	178,831	197,715	51,636	106,338	1,312,806
Gas Schedule (MMBtu)	951,700	1,092,730	858,805	391,272	512,068	371,695	836,762	496,327	1,251,547	1,371,546	372,826	759,691	9,266,969
Emissions Factor (MT/MMBtu)	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	0.054	
Monthly MT Emissions (MT)	51,358	58,969	46,345	21,115	27,634	20,059	45,156	26,784	67,540	74,015	20,120	40,997	500,092
Cumulative MT Obligation (MT)	513,478	572,447	618,793	639,908	667,542	687,600	732,756	759,540	827,080	901,095	921,215	962,212	962,212
Compliance Instrument Participant Transfers (to LEC)													
Auction Allowances	102,347	50,000	48,066	25,000	1,290	138,448	0		13,586	50,520	100,350	350	529,957
Secondary Market Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve Sale Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Offsets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Compliance Instrument Participant Transfers (MT)	102,347	50,000	48,066	25,000	1,290	138,448	0	0	13,586	50,520	100,350	350	529,957
NCPA Compliance Instrument Purchases (for LEC)													
Auction Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0
Secondary Market Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve Sale Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0
Offset Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0
Total NCPA Compliance Instrument Purchases (MT)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliance Instruments Surrendered to CARB (MT)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Monthly Activity (MT)	102,347	50,000	48,066	25,000	1,290	138,448	0	0	13,586	50,520	100,350	350	529,957
Cumulative MT Account Balance [MTA] (MT)	609,980	659,980	708,046	733,046	734,336	872,784	872,784	872,784	886,370	936,890	1,037,240	1,037,590	1,037,590
MTA Shortfall (MT)	(96,502)	(87,533)	(89,253)	(93,138)	(66,794)	(185,184)	(140,028)	(113,244)	(59,290)	(35,795)	(116,025)	(75,378)	(75,378)

2015 NCPA All Resources Bill LEC GHG Compliance Instrument Detail Report for the Lodi Energy Center	2015 NCPA All Resources Bill LEC GHG Compliance Instrument Detail Report for the Lodi Energy Center									
	Estimated						Compliance Year 2015	Cumulative Totals		
IDENTIFIER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	Total	Total	Charge Code	Source
Energy (MWh)	104,548	96,207	103,992	103,992	58,948	57,279	524,966	3,048,717		Forecast/Meter
Gas Schedule (MMBtu)	731,839	673,447	727,946	727,946	412,633	400,954	3,674,765	21,505,058		Forecast/Meter
Emissions Factor (MT/MMBtu)	0.054	0.054	0.054	0.054	0.054	0.054				MARS
Monthly MT Emissions (MT)	39,494	36,343	39,284	39,284	22,268	21,637	198,309	1,160,520		derived
Cumulative MT Obligation (MT)	1,001,705	1,038,048	1,077,332	1,116,615	1,138,883	1,160,520	1,160,520	2,584,852		derived
Compliance Instrument Participant Transfers (to LEC)										
Auction Allowances	42,892	0	0	0	0	0	42,892	1,033,482		CITSS
Secondary Market Allowances	0	0	0	0	0	0	0	0		CITSS
Reserve Sale Allowances	0	0	0	0	0	0	0	0		CITSS
Offsets	0	0	0	0	0	0	0	0		CITSS
Total Compliance Instrument Participant Transfers (MT)	42,892	0	0	0	0	0	42,892	1,033,482		
NCPA Compliance Instrument Purchases (for LEC)										
Auction Purchases	0	0	0	0	0	0	0	47,000		CITSS
Secondary Market Purchases	0	0	0	0	0	0	0	0		CITSS
Reserve Sale Purchases	0	0	0	0	0	0	0	0		CITSS
Offset Purchases	0	0	0	0	0	0	0	0		CITSS
Total NCPA Compliance Instrument Purchases (MT)	0	0	0	0	0	0	0	47,000		
Compliance Instruments Surrendered to CARB (MT)	0	0	0	0	0	0	0	0		CITSS
							0			
Total Monthly Activity (MT)	42,892	0	0	0	0	0	42,892	1,080,482		derived
Cumulative MT Account Balance [MTA] (MT)	1,080,482	1,080,482	1,080,482	1,080,482	1,080,482	1,080,482	1,080,482	1,080,482		derived
MTA Shortfall (MT)	(78,777)	(42,434)	(3,150)	36,133	58,401	80,038	80,038	1,504,370	MTA SHORTFALL	derived

NCPA All Resources Bill LEC GHG Obligation Detail Report (Cumulative) February 2015																
IDENTIFIER	AZUSA	BART	BIGGS	CDWR	GRI	HEA	LOD	LOM	MID	PLU	PWRPA	SNCL	UKI	TOTAL	Charge Code	Source
Allocation Percentages																
Generation Entitlement Share %	2.7857%	6.6000%	0.2679%	33.5000%	1.9643%	1.6428%	9.5000%	2.0357%	10.7143%	0.7857%	2.6679%	25.7500%	1.7857%	100%		MARS
Obligation Accounts																
Current MT Compliance Obligation (MTO) Balance (MT)	28,917	68,511	2,781	347,746	20,390	17,053	98,615	21,132	111,220	8,156	27,694	267,297	18,536	1,038,048		derived
Current MT Compliance Instrument Account (MTA) Balance (MT)	28,000	82,200	2,801	385,000	20,390	17,053	98,596	24,200	128,000	8,220	29,787	270,000	18,536	1,112,783		derived
MTA Shortfall (MT)	917	(13,689)	(20)	(37,254)	0	0	19	(3,069)	(16,780)	(64)	(2,093)	(2,703)	0	(74,735)	MTA SHORTFALL	Derived
Monthly GHG Price \$/MT	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	MTA SHORTFALL	ICE Index
GHG Minimum Cash Compliance Obligation (\$)	11,718	0	0	0	5	1	237	0	0	0	0	0	5	11,966	MTA SHORTFALL	Derived
Current Month CCA Balance (\$)*	60,991	0	143	0	1,103	4,780	755	0	0	0	0	0	2,652	70,424	CCA BALANCE	Accounting
Net GHG Obligation (\$)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NET GHG OBLIG	Derived

* The Current Month CCA Balance (\$) consists of the current cash balance plus any outstanding balance of Net GHG Obligation (\$) billed but not yet received.



Lodi Energy Center Project Participant Committee

Staff Report

AGENDA ITEM NO.: 11

Date: February 9, 2015
To: Lodi Energy Center Project Participant Committee
Subject: Nalco Company Water and Process Services - Multi-Task General Services Agreement for Specialty Chemicals and Services

Proposal

Approve a Multi-Task General Services Agreement with Nalco Company Water and Process Services (Nalco) for an amount not to exceed \$1,000,000 over five years for the provision of specialty chemicals and services at Lodi Energy Center and CT2 Stig.

Background

Specialty chemical supply and services are required at the Lodi Energy Center location for the operation of the plant. Nalco is a provider of these supplies and services. NCPA currently has in place with Nalco a three year enabling agreement which will expire on February 22, 2015.

Selection Process

A formal Request for Proposal (RFP) was issued and sent to potential bidders on October 1, 2014. Bids were due on November 17, 2014. NCPA received four bids in response to the RFP as follows:

ChemTreat	\$ 735,305
GE Water & Process Technologies	\$ 406,735 (non-responsive bid)
Nalco Company	\$ 521,280
Solenis	\$ 97,865 (Service portion unacceptable)

The above totals are for 5 years of service based upon a 55% annual average capacity factor of LEC. Actual amounts will vary based upon usage. The STIG results are small and do measure in the results.

Worley Parsons reviewed the proposals and determined that Nalco would best be able to provide the chemicals and services that NCPA requires.

These supplies and services can only be provided by one vendor at a time, therefore NCPA does not have similar agreements in place with other vendors.

Fiscal Impact

The total cost of the agreement will be not-to-exceed \$1,000,000 over the five year term to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

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.

Recommendation

Staff recommends that the PPC pass a motion approving the Multi-Task General Services Agreement with Nalco Company Water and Process Services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years.

Prepared by:

A handwritten signature in black ink, appearing to read "Ken Speer".

KEN SPEER
Assistant General Manager
Generation Services

Attachments (2)

- Resolution
- Multi-Task General Services Agreement with Nalco Company



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
NALCO COMPANY WATER AND PROCESS SERVICES**

This agreement for general services ("Agreement") is made by and between the Northern California Power Agency, a joint powers agency with its main office located at 651 Commerce Drive, Roseville, CA 95678-6420 ("Agency") and Nalco Company Water and Process Services, with its office located at _____ ("Contractor") (together sometimes referred to as the "Parties") as of _____, 2015 ("Effective Date") in Roseville, California.

Section 1. SCOPE OF WORK. Subject to the terms and conditions set forth in this Agreement, Contractor is willing to provide to Agency the range of services and/or goods described in the Scope of Work attached hereto as Exhibit A and incorporated herein ("Work").

- 1.1 **Term of Agreement.** The term of this Agreement shall begin on the Effective Date and shall end when Contractor completes the Work, or no later than five (5) years from the date this Agreement was signed by Agency, whichever is shorter.
- 1.2 **Standard of Performance.** Contractor shall perform the Work in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged and for which Contractor is providing the Work. Contractor represents that it is licensed, qualified and experienced to provide the Work set forth herein.
- 1.3 **Assignment of Personnel.** Contractor shall assign only competent personnel to perform the Work. In the event that Agency, in its sole discretion, at any time during the term of this Agreement, requests the reassignment of any such personnel, Contractor shall, immediately upon receiving written notice from Agency of such request, reassign such personnel.
- 1.4 **Request for Work to be Performed.** At such time that Agency determines to have Contractor perform Work under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Work to be performed ("Requested Work"), may include a not-to-exceed cap on monetary cap on Requested Work and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Work shall be completed.

Section 2. COMPENSATION. Agency hereby agrees to pay Contractor an amount **NOT TO EXCEED ONE MILLION** dollars (\$1,000,000) for the Work, which shall include all fees, costs, expenses and other reimbursables, as set forth in Contractor's fee schedule, attached hereto and incorporated herein as Exhibit B. This dollar amount is not a guarantee that Agency will pay that full amount to the Contractor, but is merely a limit of potential Agency expenditures under this Agreement.

2.1 **Invoices.** Contractor shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- The beginning and ending dates of the billing period;
- Work performed;
- The Purchase Order number authorizing the Requested Work;
- At Agency's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense, with supporting documentation;
- At Agency's option, the total number of hours of work performed under the Agreement by Contractor and each employee, agent, and subcontractor of Contractor performing work hereunder.

Invoices shall be sent to:

Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attn: Accounts Payable

2.2 **Monthly Payment.** Agency shall make monthly payments, based on invoices received, for Work satisfactorily performed, and for authorized reimbursable costs incurred. Agency shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Contractor.

2.3 **Payment of Taxes.** Contractor is solely responsible for the payment of all federal, state and local taxes, including employment taxes, incurred under this Agreement.

2.4 **Authorization to Perform Work.** The Contractor is not authorized to perform any Work or incur any costs whatsoever under the terms of this Agreement until receipt of a Purchase Order from the Contract Administrator.

2.5 **Timing for Submittal of Final Invoice.** Contractor shall have ninety (90) days after completion of the Requested Work to submit its final invoice for the Requested Work. In the event Contractor fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Contractor is deemed to have waived its right to collect its final payment for the Requested Work from Agency.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Contractor shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the Work.

Section 4. INSURANCE REQUIREMENTS. Before beginning any Work under this Agreement, Contractor, at its own cost and expense, shall procure the types and amounts of insurance listed below and shall maintain the types and amounts of insurance listed below for the period covered by this Agreement.

4.1 **Workers' Compensation.** If Contractor employs any person, Contractor shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Contractor with limits of not less than one million dollars (\$1,000,000.00) per accident.

4.2 **Commercial General and Automobile Liability Insurance.**

4.2.1 **Commercial General Insurance.** Contractor shall maintain commercial general liability insurance for the term of this Agreement, including products liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury and broad form property damage which may arise out of the operations of Contractor. The policy shall provide a minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate. Commercial general coverage shall be at least as broad as ISO Commercial General Liability form CG 0001 (current edition) on "an occurrence" basis covering comprehensive General Liability.

4.2.2 **Automobile Liability.** Contractor shall maintain automobile liability insurance form CA 0001 (current edition) for the term of this Agreement covering any loss or liability, including the cost of defense of any action, arising from the operation, maintenance or use of any vehicle (symbol 1), whether or not owned by the Contractor, on or off Agency premises. The policy shall provide a minimum limit of \$1,000,000 per each accident. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

4.2.3 **General Liability/Umbrella Insurance.** The coverage amounts set forth above may be met by a combination of underlying and umbrella policies as long as in combination the limits equal or exceed those stated.

4.3 **Professional Liability Insurance.** .

4.4 **All Policies Requirements.**

4.4.1 **Verification of coverage.** Prior to beginning any work under this Agreement, Contractor shall provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the policies referenced in Section 4.2, adding the Agency as an additional insured to the extent of Contractor's indemnification

obligations and declaring such insurance primary in regard to work performed pursuant to this Agreement.

4.4.2 **Notice of Reduction in or Cancellation of Coverage.** Contractor shall provide at least thirty (30) days prior written notice to Agency of any cancellation of the policies referenced in Section 4.

4.4.3 [This section intentionally left blank.]

4.5 **Waiver of Subrogation.** Except to the extent prohibited by law or contrary to the indemnifications herein, Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Agency for all work performed by Contractor, its employees, agents and subcontractors.

4.6 **Contractor's Obligation.** Contractor shall be solely responsible for ensuring that all equipment, vehicles and other items utilized in the performance of Work are operated, provided or otherwise utilized in a manner that ensures they are and remain covered by the policies referenced in Section 4 during this Agreement. Contractor shall also ensure that all workers involved in the provision of Work are properly classified as employees, agents or independent contractors and are and remain covered by any and all workers' compensation insurance required by applicable law during this Agreement.

Section 5. INDEMNIFICATION AND CONTRACTOR'S RESPONSIBILITIES.

5.1 **Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this section and that it is a material element of consideration.

5.2 **Scope.** Contractor shall indemnify, defend with counsel reasonably acceptable to the Agency, and hold harmless the Agency, and its officials, commissioners, officers, employees, agents and volunteers from and against all losses, liabilities, claims, demands, suits, actions, damages, expenses, penalties, fines, costs (including without limitation costs and fees of litigation), judgments and causes of action ("Liabilities") to the extent such Liabilities arise from the negligence, recklessness, or willful misconduct of, or violation of applicable laws by, Contractor, its officers, officials, agents, and employees, except to the extent such Liabilities are caused by the negligence of Agency. Notwithstanding, should this Agreement be construed as a construction agreement under

Civil Code section 2783, then the exception referenced above shall also be for the active negligence of Agency.

- 5.3 Notwithstanding anything to the contrary in this Agreement, Contractor's liability for any and all Liabilities under this Agreement shall not exceed the contract value under Section 2, or the amount of insurance under Section 4, whichever is greater.

Section 6. STATUS OF CONTRACTOR.

- 6.1 **Independent Contractor.** Contractor is an independent contractor and not an employee of Agency. Agency shall have the right to control Contractor only insofar as the results of Contractor's Work and assignment of personnel pursuant to Section 1; otherwise, Agency shall not have the right to control the means by which Contractor accomplishes Work rendered pursuant to this Agreement. Notwithstanding any other Agency, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Agency, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Agency and entitlement to any contribution to be paid by Agency for employer contributions and/or employee contributions for PERS benefits.

Contractor shall indemnify, defend, and hold harmless Agency for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Agency. Contractor and Agency acknowledge and agree that compensation paid by Agency to Contractor under this Agreement is based upon Contractor's estimated costs of providing the Work, including salaries and benefits of employees, agents and subcontractors of Contractor.

- 6.2 **Contractor Not Agent.** Except as Agency may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of Agency in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind Agency to any obligation whatsoever.
- 6.3 **Assignment and Subcontracting.** This Agreement contemplates personal performance by Contractor and is based upon a determination of Contractor's unique professional competence, experience, and specialized professional knowledge. A substantial inducement to Agency for entering into this Agreement was and is the personal reputation and competence of Contractor. Contractor may not assign this Agreement or any interest therein without the prior written approval of the Agency. Contractor shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors identified in Exhibit A, without prior written approval of the Agency. Where

written approval is granted by the Agency, Contractor shall supervise all work subcontracted by Contractor in performing the Work and shall be responsible for all work performed by a subcontractor as if Contractor itself had performed such Work. The subcontracting of any work to subcontractors shall not relieve Contractor from any of its obligations under this Agreement with respect to the Work and Contractor is obligated to ensure that any and all subcontractors performing any Work shall be fully insured in all respects and to the same extent as set forth under Section 4, to Agency's satisfaction.

- 6.4 **Certification as to California Energy Commission.** If requested by the Agency, Contractor shall, at the same time it executes this Agreement, execute Exhibit C.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Contractor and its subcontractors and agents, if any, shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 **Licenses and Permits.** Contractor represents and warrants to Agency that Contractor and its employees, agents, and subcontractors (if any) have and will maintain at their sole expense during the term of this Agreement all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice their respective professions.
- 7.4 **Work Requiring Payment of Prevailing Wages.** If applicable, in accordance with California Labor Code Section 1771, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which these services are to be performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in the California Labor Code shall be paid to all workers engaged in performing the services under this Agreement.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 **Termination.** Agency may cancel this Agreement at any time and without cause upon ten (10) days prior written notice to Contractor.

In the event of termination, Contractor shall be entitled to compensation for Work satisfactorily completed as of the effective date of termination; Agency, however, may condition payment of such compensation upon Contractor delivering to Agency any or all records or documents (as referenced in Section 9.1 hereof).

- 8.2 **Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.

- 8.3 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between Agency and Contractor shall survive the termination of this Agreement.
- 8.4 **Options upon Breach by Contractor.** If Contractor materially breaches any of the terms of this Agreement, including but not limited to those set forth in Section 4, Agency's remedies shall include, but not be limited to, the following:
- 8.4.1 Immediately terminate the Agreement;
 - 8.4.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Contractor pursuant to this Agreement;
 - 8.4.3 Retain a different Contractor to complete the Work not finished by Contractor; and/or
 - 8.4.4 Charge Contractor the difference between the costs to complete the Work that is unfinished at the time of breach and the amount that Agency would have paid Contractor pursuant hereto if Contractor had completed the Work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Contractor's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Contractor prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the Agency. Contractor hereby agrees to deliver those documents to the Agency upon termination of the Agreement. Agency and Contractor agree that, unless approved by Agency in writing, Contractor shall not release to any non-parties to this Agreement any data, plans, specifications, reports and other documents.
- 9.2 **Contractor's Books and Records.** Contractor shall maintain any and all records or other documents evidencing or relating to charges for Work or expenditures and disbursements charged to the Agency under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Contractor to this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that this Agreement requires Contractor to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the Agency. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the

request of Agency or as part of any audit of the Agency, for a period of three (3) years after final payment under the Agreement.

9.4 Confidential Information and Disclosure.

9.4.1 Confidential Information. The term "Confidential Information", as used herein, shall mean any and all confidential, proprietary, or trade secret information, whether written, recorded, electronic, oral or otherwise, where the Confidential Information is made available in a tangible medium of expression and marked in a prominent location as confidential, proprietary and/or trade secret information. Confidential Information shall not include information that: (a) was already known to the Receiving Party or is otherwise a matter of public knowledge, (b) was disclosed to Receiving Party by a third party without violating any confidentiality agreement, (c) was independently developed by Receiving Party without reverse engineering, as evidenced by written records thereof, or (d) was not marked as confidential Information in accordance with this section.

9.4.2 Non-Disclosure of Confidential Information. During the term of this Agreement, either party may disclose ("The Disclosing Party") confidential Information to the other party ("the Receiving Party"). The Receiving Party: (a) shall hold the Disclosing Party's Confidential Information in confidence; and (b) shall take all reasonable steps to prevent any unauthorized possession, use, copying, transfer or disclosure of such Confidential Information.

9.4.3 Permitted Disclosure. Notwithstanding the foregoing, the following disclosures of Confidential Information are allowed. Receiving Party shall endeavor to provide prior written notice to Disclosing Party of any permitted disclosure made pursuant to Section 9.4.3.2 or 9.4.3.3. Disclosing Party may seek a protective order, including without limitation, a temporary restraining order to prevent or contest such permitted disclosure; provided, however, that Disclosing Party shall seek such remedies at its sole expense. Neither party shall have any liability for such permitted disclosures:

9.4.3.1 Disclosure to employees, agents, Contractors, contractors, subcontractors or other representatives of Receiving Party that have a need to know in connection with this Agreement.

9.4.3.2 Disclosure in response to a valid order of a court, government or regulatory agency or as may otherwise be required by law; and

9.4.3.3 Disclosure by Agency in response to a request pursuant to the California Public Records Act.

9.4.4 **Handling of Confidential Information.** Conclusion of Agreement. Receiving Party shall return to Disclosing Party or destroy Confidential Information (including all copies thereof) upon termination of this Agreement, if requested by Disclosing Party in writing. Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information, subject to the confidentiality provisions of this Agreement: (a) for archival purposes in its computer system; (b) in its legal department files; and (c) in files of Receiving Party's representatives where such copies are necessary to comply with applicable law. Party shall not disclose the Disclosing Party's Information to any person other than those of the Receiving Party's employees, agents, Contractors, contractors and subcontractors who have a need to know in connection with this Agreement.

Section 10. PROJECT SITE.

- 10.1 **Operations at the Project Site.** Each Project site may include the power plant areas, all buildings, offices, and other locations where Work is to be performed, including any access roads. Contractor shall perform the Work in such a manner as to cause a minimum of interference with Agency's operations and the operations of other contractors at the Project site and to protect all persons and property thereon from damage or injury. Upon completion of the Work at a Project site, Contractor shall leave such Project site clean and free of all tools, equipment, waste materials and rubbish, stemming from or relating to Contractor's Work.
- 10.2 **Contractor's Equipment, Tools, Supplies and Materials.** Contractor shall be solely responsible for the transportation, loading and unloading, and storage of any equipment, tools, supplies or materials required for performing the Work, whether owned, leased or rented. Agency will not be responsible for any such equipment, supplies or materials which may be lost, stolen or damaged or for any additional rental charges for such. Equipment, tools, supplies and materials left or stored at a Project site, with or without permission, is at Contractor's sole risk. Agency may assume that anything left on the Project site an unreasonable length of time after the Work is completed has been abandoned. Any transportation furnished by Agency shall be solely as an accommodation and Agency shall have no liability therefor. Contractor shall assume the risk and is solely responsible for its owned, non-owned and hired automobiles, trucks or other motorized vehicles as well as any equipment, tools, supplies, materials or other property which is utilized by Contractor on the Project site. All materials and supplies used by Contractor in the Work shall be new and in good condition.
- 10.3 **Use of Agency Equipment.** Contractor shall assume the risk and is solely responsible for its use of any Agency owned equipment and property provided by Agency for the performance of Work.

Section 11. WARRANTY.

- 11.1 **Nature of Work.** Contractor warrants that all Work shall be free from defects in design and workmanship, and that Contractor shall perform all Work in accordance with applicable federal, state, and local laws, rules and regulations including engineering, construction and other codes and standards and prudent electrical utility standards, and in accordance with the terms of this Agreement. The water treatment program does not cover, and Contractor makes no warranties with respect to, water system biohazards from waterborne pathogens, including but not limited to Legionella bacteria. **CONTRACTOR DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**
- 11.2 **Deficiencies in Work.** Agency shall have the right to require, and Contractor shall be obligated at its own expense to perform, all further Work which may be required to correct any deficiencies which result from Contractor's failure to perform any Work in accordance with the standards required by this Agreement. If during the term of this Agreement or the one (1) year period following completion of the Work, any equipment, supplies or other materials or Work used or provided by Contractor under this Agreement fails due to defects in material and/or workmanship or other breach of this Agreement, Contractor shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's satisfaction. Contractor's liability under this warranty is limited to replacement of nonconforming product, repair, or replacement of defective items, or, a refund of or invoice credit for the product price. Notwithstanding anything to the contrary in this Agreement, in no event shall either party be liable for any special, consequential or indirect damages. Contractor shall not be liable for any failure caused by Agency's failure to follow Contractor's written instructions.
- 11.3 **Assignment of Warranties.** Contractor hereby assigns to Agency all additional warranties, extended warranties, or benefits like warranties, such as insurance, provided by or reasonably obtainable from suppliers of equipment and material used in the Work.

Section 12. HEALTH AND SAFETY PROGRAMS. The Contractor shall establish, maintain, and enforce safe work practices, and implement an accident/incident prevention program intended to ensure safe and healthful operations under their direction. The program shall include all requisite components of such a program under Federal, State and local regulations and shall comply with all Agency site programs.

- 12.1 Contractor is responsible for acquiring job hazard assessments as necessary to safely perform the Work and provide a copy to Agency upon request.
- 12.2 Contractor is responsible for providing all employee health and safety training and personal protective equipment in accordance with potential hazards that may be encountered in performance of the Work and provide copies of the certified training records upon request by Agency. Contractor shall be responsible for proper maintenance and/or disposal of their personal protective equipment and material handling equipment.

- 12.3 Contractor is responsible for ensuring that its lower-tier subcontractors are aware of and will comply with the requirements set forth herein.
- 12.4 Agency, or its representatives, may periodically monitor the safety performance of the Contractor performing the Work. Contractors and its subcontractors shall be required to comply with the safety and health obligations as established in the Agreement. Non-compliance with safety, health, or fire requirements may result in cessation of work activities, until items in non-compliance are corrected. It is also expressly acknowledged, understood and agreed that no payment shall be due from Agency to Contractor under this Agreement at any time when, or for any Work performed when, Contractor is not in full compliance with this Section 12.
- 12.5 Contractor shall immediately report any injuries to the Agency site safety representative. Additionally, the Contractor shall investigate and submit to the Agency site safety representative copies of all written accident reports, and coordinate with Agency if further investigation is requested.
- 12.6 Contractor shall take all reasonable steps and precautions to protect the health of its employees and other site personnel with regard to the Work. Contractor shall conduct occupational health monitoring and/or sampling to determine levels of exposure of its employees to hazardous or toxic substances or environmental conditions. Copies of any sampling results will be forwarded to the Agency site safety representative upon request.
- 12.7 Contractor shall develop a plan to properly handle and dispose of any hazardous wastes, if any, Contractor generates in performing the Work.
- 12.8 Contractor shall advise its employees and subcontractors that any employee, who jeopardizes his/her safety and health, or the safety and health of others, may be subject to actions including removal from Work.
- 12.9 Contractor shall, at the sole option of the Agency, develop and provide to the Agency a Hazardous Material Spill Response Plan that includes provisions for spill containment and clean-up, emergency contact information including regulatory agencies and spill sampling and analysis procedures. Hazardous Materials to include diesel fuel used for trucks owned or leased by the Contractor.

Section 13 MISCELLANEOUS PROVISIONS.

- 13.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

- 13.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.
- 13.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 13.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 13.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 13.6 **Conflict of Interest.** Contractor may serve other clients, but none whose activities within the corporate limits of Agency or whose business, regardless of location, would place Contractor in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*
- Contractor shall not employ any Agency official in the work performed pursuant to this Agreement. No officer or employee of Agency shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*
- 13.7 **Contract Administrator.** This Agreement shall be administered by Ken Speer, Assistant General Manager, or his/her designee, who shall act as the Agency's representative. All correspondence shall be directed to or through the representative.
- 13.8 **Notices.** Any written notice to Contractor shall be sent to:

Nalco Company Water and Process Services
P. O. Box 188978
Sacramento, California 95818

Any written notice to Agency shall be sent to:

Randy S. Howard
General Manager
Northern California Power Agency
651 Commerce Drive
Roseville, CA 95678

With a copy to:

Michael F. Dean
General Counsel
Northern California Power Agency
Meyers Nave
555 Capitol Mall, Suite 1200
Sacramento, CA 95814

- 13.9 **Professional Seal.** Where applicable in the determination of the Agency, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation.
- 13.10 **Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 13.11 **Alternative Dispute Resolution.** If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Agency and Contractor agree to resolve the dispute in accordance with the following:
- 13.11.1 Each party shall designate a senior management or executive level representative to negotiate any dispute;
- 13.11.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.
- 13.11.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.
- 13.11.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.
- 13.11.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

13.11.6 The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 *et seq.*

13.12 **Controlling Provisions.** In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Contractor's Proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Contractor's Proposal, the Exhibits shall control.

13.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

13.14 **Construction of Agreement.** Each party hereto has had an equivalent opportunity to participate in the drafting of the Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting party shall not apply hereto.

13.15 **No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto, with no intent to benefit any non-signator third parties.

The Parties have executed this Agreement as of the date signed by the Agency.

NORTHERN CALIFORNIA POWER AGENCY

NALCO COMPANY WATER AND PROCESS
SERVICES

Date_____

Date_____

RANDY S. HOWARD, General Manager

[NAME, TITLE]

Attest:

Assistant Secretary of the Commission
Approved as to Form:

Assistant General Counsel

EXHIBIT A
SCOPE OF WORK

Nalco Company Water and Process Services ("Contractor") shall provide specialty chemicals and services as requested by the Northern California Power Agency ("Agency").

1. Analytical
2. Service Plan
3. Specialty Chemical Supply

Details for each item can be found on the following pages.

1 Services and Equipment

1.1 *Inspections and Sampling*

The Contractor will be expected to inspect the Boiler and Water systems during each outage and provide a written report of each inspection. Photographic documentation of the inspections by video or still camera may be required. LEC may also require the use of a fiber optics boroscope.

The Contractor service representative shall sample all water and steam systems and provide a certified analysis each quarter or as required by LEC for special circumstances. The sample streams listed in Exhibit B shall be analyzed for complete anions and cations, pH, and conductivity. Results shall be maintained in an Excel or similar data base. The database shall be updated at least quarterly.

1.2 *Corrosion and Deposition Monitoring*

The proposed treatments must provide protection from corrosion and deposition, which can adversely impact power plant efficiency and equipment life. The acceptable corrosion rates at LEC are as follows:

Carbon Steel/Cast Iron (Tower Circulating Water) < 3.0 Mils per year (MPY) if corrosion inhibitor is used

Stainless Steel (Tower Circulating Water) < 0.1 MPY

Titanium (Tower Circulating Water) < 0.1 MPY

Carbon Steel/Cast Iron (Closed Loop Cooling Water) < 1.0 Mils per year (MPY)

Stainless Steel (Closed Loop Cooling Water) < 0.1 MPY

Titanium (Closed Loop Cooling Water) < 0.1 MPY

Copper and Copper Alloys (Closed Loop Cooling Water) <0.01 MPY

Two (2) corrosion coupon racks shall be provided for installation on the cooling tower circulating water and closed loop cooling water systems.

Additional corrosion coupon racks can be installed at other locations if recommended for supplemental monitoring. Comparable metallurgical coupons in each system monitored will be supplied and analyzed by the Contractor on a quarterly basis or more frequently as required by LEC for special circumstances.

1.3 *Material Safety Data Sheets*

LEC must be provided with a Material Safety Data Sheet (MSDS) for each product supplied. The MSDS will be kept on file at LEC. Chemical providers shall notify LEC of any changes, additions, or deletions on the MSDS prior to the shipment of any product following the change. Upon acceptance and approval, the new MSDS must precede product delivery by US Mail or accompany the product at the time of delivery. All product actives must be identified by its common chemical name, with the corresponding Chemical Abstract Service (CAS) number, in addition to the Contractor's identification on the respective MSDS.

1.4 *Shipment and Storage of Chemicals*

Freight charges shall be included in the cost to supply the proposed chemicals. LEC requests that treatment chemicals be supplied in reusable totes or drums where feasible. The base totes can be refilled by bulk truck or portable shuttle totes.

If drums or barrels are supplied, the Contractor shall provide for removal and/or disposal of the empty container from the site. Any NCPA name and address stenciled on the container shall be removed prior to the removal of any such container from this site. Failure to comply with this provision may result in the discontinuation of any contract or agreement between LEC and the Contractor.

All totes, drums, or pails must be clearly labeled with the Contractor ID and product name. The labels must be able to withstand the environment for the time the container is on site and in use. The Contractor shall perform an annual audit of all labels and placards to ensure that text is legible and current.

1.5 *Service Plan*

The costs for water treatment chemicals are important to a power plant's overall costs. Of equal importance to these costs is the quality of support from the Contractor. The plant considers specialty chemicals and services as an investment. Expert oversight must be provided to provide an acceptable return on the plant's investment. Service must include a plan to provide value-added expertise, insight, and support to ensure that the specified chemicals are used optimally.

Full-day service visits to the site are required at least once week. More frequent site visits may be required in order to meet the service requirements detailed later in this section.

1.6 *Service and Reporting Requirements*

The general requirements of Section 1.5 shall be documented in weekly Contractor service visits and subsequent reports. A detailed description of the required services and their frequency appears in Table 1-1 on the following page. The required reports appear in Table 1-2 later in this section.

Table 1-1: Required Services and Frequencies

Description	Service Plan Activity and Frequency
Risk management services focused on worker and environmental safety.	Meet annually with plant contact, review chemicals used and associated personnel and environmental exposure risks. Review MSDS.
Safety, Health, and Environmental communications and Material Safety Data Sheets as required to ensure safe application of the chemicals provided	Provide hard and soft copies of MSDS and Product Bulletins for any chemical proposed or used on site. Verify that all MSDS and Product Bulletins are the most recent versions. MSDS and Product Bulletins shall be updated at least annually. Provide electronic and hard copies of any other Safety, Health, and Environmental communications. Review and update such communications as necessary.
Product application specifications to ensure safe application of the chemicals provided	For each product, provide electronic and hard copies of a written description of proper product dosage, method to calculate or monitor dosage, any environmental limits on product application, and other information requested by the plant contact to ensure safe application of chemicals provided. Review and update product application data at least annually.
Emergency response during chemical transit, chemical spills, or other events impacting worker and environmental safety	Provide no less than two emergency contacts and no less than one 24-hour emergency response phone number to plant contact. Review and update contact information as necessary.
System survey describing chemical application points, water treatment processes and uses, and water flow diagrams	Provide a one-line diagram of the whole-plant water system labeling all major equipment and chemical injection points. Provide this information to the plant contact. Review and update system survey at least annually.
People survey describing plant contacts, responsible reporting parties, and Contractor contacts	Provide list to plant contact describing who receives reports and who is responsible for implementing recommendations. Update list as necessary or at least annually.

Description	Service Plan Activity and Frequency
<p>Program administration manual including general chemical information, general process information, information on specific chemicals used or proposed for use, troubleshooting and test procedures, chemical feed system information, and information required to support operation, maintenance, and installation of any Contractor-provided equipment</p>	<p>Provide a written Chemical Program Overview for each treated system including a Chemical Program Description for the system and a Chemical Product Description for each chemical used.</p> <p>Provide Feed System Data Table for each chemical feed system including the Chemical Name, Storage Tank Volume, Metering Pump Capacity, Chemical Density, and Chemical Injection Point Location.</p> <p>Provide Chemical Limits and Troubleshooting information for each system. Include a table listing each system's chemical parameters, their control limits, and the action levels associated with each control limit. Also include a brief description of each system's chemical parameters, what causes the parameter to change, and recommendations for corrective action based on the different action levels. For each system, provide a General Troubleshooting Table listing each chemical parameter, the common causes or sources of high or low readings, the corrective actions for high or low readings, and the consequences of high or low readings.</p> <p>A printed and electronic copy of the Chemical Limits and Troubleshooting information shall be provided to the plant contact. Information shall be reviewed and updated at least annually. Format shall be reviewed with the plant contact at least annually and updated as directed by the plant contact.</p> <p>Provide written and electronic versions of all Program Administration Manual data to the plant contact. Review and update at least annually.</p>
<p>Service plan describing the specific services to be performed during each visit.</p>	<p>The service plan is contained in this document. Any additions, deletions, or changes must be approved by the plant contact. Review this document with the plant contact and obtain plant contact signature at least quarterly (unless Low Service Level is selected, in which case review is performed annually). Both Contractor and the plant contact shall maintain copies of the signed document.</p>

Description	Service Plan Activity and Frequency
Written service reports for each site visit describing services performed, problems found, action taken, recommendations for plant action, and planned follow-up.	Service reports for all site visits will normally be provided in a single monthly report.
Business review performed at least annually describing the total value of all goods and services consumed, the estimated expenditures for the coming year, projects or project work completed with supporting data for any cost savings achieved as a result of this work, and technical and financial goals for the coming year.	Provide printed and electronic versions of the business review to plant contact. Review business review format with plant contact at least annually. Change or update as directed by plant contact.
Inspection of water and steam systems during operation or during outages with a written report detailing equipment status and recommendations.	Meet with plant contact at least monthly to determine the need for inspections in the following month. Review inspection report format with plant contact at least annually. Provide a written report of inspection results within four working weeks of the inspection.
Water and deposit analyses performed at Contractor off-site laboratories provided that such water and deposit analyses are required to verify the proper operation of Contractor-provided goods and services.	Obtain water samples from Contractor-treated systems if required. Obtain deposit samples from Contractor-treated systems, if required, as they're available during outages or upsets. Contractor is responsible for providing sample containers. Provide written analysis and sample results within four working weeks of sample date.
Metallographic analyses performed at Contractor off-site laboratories provided that such metallographic analyses are required to verify the proper operation of Contractor-provided goods and services.	Obtain samples from Contractor-treated systems, if required, as they're available during outages or upsets. Contractor is responsible for providing packaging and shipping recommendations. Provide written analysis and sample results within four working weeks of sample date.

Description	Service Plan Activity and Frequency
Laboratory procedures training to ensure proper performance of those chemical tests required to ensure proper application of Contractor-provided goods and services	Provide laboratory procedures training annually. Training shall consist of single a pre-scheduled laboratory procedures demonstration in which the Contractor representative shall meet with available plant operators to perform wet chemistry and demonstrate the proper wet test procedure to the operators for each wet test performed. Document persons trained, date, and time. Provide training records to plant contact in electronic and printed format.
Monitor and provide a written report of chemical consumption versus budget consumption for any Contractor-provided chemical.	<p>Utilize spreadsheet to report actual chemical consumption (pounds or gallons) and actual chemical cost for each month for each Contractor-provided product. The written report shall compare chemical usage versus consumption for each product. The written report shall describe the reasons for deviation from target usage and corrective actions required (if any) to restore chemical usage to targets.</p> <p>Printed and electronic report shall be provided to plant contact at least monthly.</p> <p>Review report format with plant contact at least quarterly. Update or change as directed by plant contact.</p>
Report on condition and operation of chemical storage, feed, and control equipment	<p>Visually inspect each chemical feed system and each chemical feed control system at least annually. Provide recommendations for feed and control system improvements. Identify necessary repairs or safety issues. Verify that MSDS are stored at, on, or near each chemical storage tank. Verify that tank labels and placards are legible and in good condition. Correct any deficiencies.</p> <p>Summarize findings in a written report to the plant contact.</p> <p>Review report format with plant contact at least annually. Update or change as directed by plant contact.</p>

Description	Service Plan Activity and Frequency
<p>Provide monitoring, control, and corrective actions for plant water systems.</p>	<p>Review logsheets and trends for all plant water streams or systems (provided that the data is available to Contractor). Provide an analysis of each system describing chemistry issues and concerns, recommendations for corrective action, recommendations for control improvements, and a discussion of relationships between chemical control parameters. This monitoring program shall include normalized monitoring of demin system reverse osmosis units. Contractor shall perform the normalization calculations and retain them in the same database used to retain other plant chemistry data.</p> <p>Printed and electronic report shall be provided to plant contact at least monthly. The report shall include trends and an analysis of control capability for each parameter (percent in control, for example) with recommendations for improvement for any parameter with less than 80% of readings within the target range.</p> <p>Review report format with plant contact at least quarterly. Update or change as directed by plant contact.</p>
<p>Provide detailed chemistry evaluation and recommendations for plant water systems</p>	<p>Perform a detailed review and analysis of each system's chemical treatment program. Review the treatment program design, purpose, and efficacy. Compare chemical treatment program goals to results. Evaluate and propose alternative chemistries, including cost analysis.</p> <p>Printed and electronic report shall be provided to plant contact at least annually as part of the business review.</p> <p>Review report format with plant contact at least annually. Update or change as directed by plant contact.</p>

Description	Service Plan Activity and Frequency
<p>Provide corrosion rate monitoring of once-through, recirculating, and closed loop cooling systems. Corrosion coupon results shall be maintained in a Contractor-provided database. Such database shall be updated and provided to PLANT at least quarterly. Both parties shall mutually agree upon corrosion coupon metallurgy.</p>	<p>Report shall include both general and pitting corrosion rates (provided that corrosion monitoring equipment is installed and operable for the monitored system). Coupon exposure time for recirculating or once-through cooling systems shall be approximately 90 days. Corrosion analysis may be substituted for corrosion coupons if approved by plant contact.</p> <p>Printed and electronic report shall be provided to plant contact at least quarterly.</p> <p>Review report format with plant contact at least annually. Update or change as directed by plant contact.</p>
<p>In-service inspections of evaporative cooling towers shall be performed at least twice per year. Such inspections shall include a visual inspection of cooling tower hardware.</p>	<p>Printed and electronic report shall be provided to plant contact at least semi-annually.</p> <p>Review report format with plant contact at least annually. Update or change as directed by plant contact.</p>
<p>Provide operator, supervisor, and manager training on basic water chemistry, cooling systems, HRSG systems, and pretreatment systems. Topics to be approved by plant management two weeks prior to date of training. Train personnel as directed by plant management. Schedule at least two different training sessions covering the same material to accommodate shift schedules.</p>	<p>Provide training annually. Document persons trained, date, and time. Training length shall be at the discretion of the plant contact, but will normally be designed to last approximately four hours. Provide training records to plant contact in electronic and printed format.</p>
<p>On-site emergency response during normal working hours</p>	<p>Provide no less than two Contractor emergency contacts and no less than one 24-hour emergency response phone number to plant contact. Review and update contact information at least annually.</p>
<p>Provide chemistry data trending software</p>	<p>Provide chemistry trending software. Software must be capable of importing existing plant database (Excel format) to ensure that previous historical data is retained.</p>

Description	Service Plan Activity and Frequency
Provide once-through, recirculating, and closed loop cooling system biological control monitoring	<p>Provide sample sessile bacteria counts, bacteria metabolic residuals and bacteria speciation analysis at least quarterly. Reports shall include recommendations for improvement, cost analysis of biological treatment programs, and evaluation of current program efficacy.</p> <p>Printed and electronic report shall be provided to plant contact at least monthly. The speciation analysis shall be included in the monthly report.</p> <p>Review report format with plant contact at least annually. Update or change as directed by plant contact.</p>

The services of Table 1.1 shall be documented in accordance with the reporting requirements of Table 1-2.
Table 1-2: Required Reports and Frequencies

Description	Service Plan Activity and Frequency
Monthly reports include the following:	<p>The reports listed below will normally be included in the body of one monthly service report. The monthly service report will normally be divided into several sections including:</p> <p>Chemical Usage and Consumption Chemistry Monitoring and Control Cycle Chemistry Cooling Systems Pretreatment Systems BOP Water Systems Inspections (if any)</p>
Quarterly reports include the following:	<p>The reports listed below will normally be included in the body of one monthly service report.</p> <p>Corrosion Monitoring</p>
Semi-annual reports include the following:	<p>The reports listed below will normally be included in the body of one monthly service report.</p> <p>Chemical Storage, Feed, and Control Equipment Operational Review Cooling System In-Service Inspection</p>
Annual reports include the following:	<p>The reports listed below will normally be included in the body of one monthly service report with the exception of the Business Review which will be distributed separately.</p> <p>Business Review Chemistry Evaluation Chemical Safety Audit</p>
Special reports include the following:	<p>Outage inspections of water and steam systems Deposit samples Specially requested water samples Metallographic analysis Training presentations</p>

EXHIBIT B

COMPENSATION SCHEDULE AND HOURLY FEES

Compensation for all work, including hourly fees and expenses, shall not exceed the amount set forth in Section 2, above. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:

1. Analytical Cost: \$31,020/year

Annual Sampling Program Costs					
Requirements from Section 3.2 and Appendix 7 of the RFP					
Sample Number	Samples per Year	Location	Code	Cost each	Annual Cost
1	4	Cycle Makeup Water (Demin Storage Tank)	STEAM	\$ 208	\$ 832
2	4	Condensate Polisher Effluent	STEAM	\$ 208	\$ 832
3	4	Condensate Polisher Effluent	STEAM	\$ 208	\$ 832
4	4	IP Feedwater BOP	STEAM	\$ 208	\$ 832
5	4	HP Feedwater HRSG	STEAM	\$ 208	\$ 832
6	4	LP Drum Water	BLR	\$ 355	\$ 1,420
7	4	IP Drum Water	BLR	\$ 355	\$ 1,420
8	4	HP Separator Water	STEAM	\$ 208	\$ 832
9	4	HP Main Steam	STEAM	\$ 208	\$ 832
10	4	LP Sat Steam	STEAM	\$ 208	\$ 832
11	4	IP Main Steam	STEAM	\$ 208	\$ 832
12	4	IP Sat Steam	STEAM	\$ 208	\$ 832
13	4	LP Main Steam	STEAM	\$ 208	\$ 832
14	4	Hot Reheat Steam	STEAM	\$ 208	\$ 832
15	4	IP Rotor Air Cooler Water	STEAM	\$ 208	\$ 832
16	4	LP Rotor Air Cooler Water	STEAM	\$ 208	\$ 832
17	4	Condensate Polisher #1 Effluent	STEAM	\$ 208	\$ 832
18	4	Condensate Polisher #2 Effluent	STEAM	\$ 208	\$ 832
19	4	LP Rotor Air cooler Steam	STEAM	\$ 208	\$ 832
20	4	IP Rotor Air Cooler Steam	STEAM	\$ 208	\$ 832
21	4	HP Feedwater BOP	STEAM	\$ 208	\$ 832
22	4	Condensate BOP	STEAM	\$ 208	\$ 832
23	4	Aux Boiler Steam	STEAM	\$ 208	\$ 832
24	4	Aux Boiler Drum Water	BLR	\$ 355	\$ 1,420
25	4	HP Separator Steam	STEAM	\$ 208	\$ 832
26	4	Circ Water	RICRC	\$ 402	\$ 1,608
27	4	Service Water	MAKEUP	\$ 288	\$ 1,152
28	4	Raw Water	MAKEUP	\$ 288	\$ 1,152
29	4	Circ Water DMA	BIO	\$ 116	\$ 464
30	4	Closed Loop DMA	BIO	\$ 116	\$ 464
31	4	Evap Cooler 1 DMA	BIO	\$ 116	\$ 464
32	4	Evap Cooler 2 DMA	BIO	\$ 116	\$ 464
33	4	Circ Water Sessile	BIOSWB	\$ 168	\$ 672
34	4	Closed Loop Sessile	BIOSWB	\$ 168	\$ 672
35	4	Evap Cooler 1 Sessile	BIOSWB	\$ 168	\$ 672
36	4	Evap Cooler 2 Sessile	BIOSWB	\$ 168	\$ 672
37	4	Closed Loop: Mild Steel Coupon	BIOSWB	NC	NC
38	4	Closed Loop: Copper Steel Coupon	BIOSWB	NC	NC
39	4	Closed Loop: Titanium	BIOSWB	NC	NC
40	4	Closed Loop: Copper Steel Coupon	BIOSWB	NC	NC
41	4	Circ Water: Mild Steel Coupon	BIOSWB	NC	NC
42	4	Circ Water: Copper Steel Coupon	BIOSWB	NC	NC
43	4	Circ Water: Titanium	BIOSWB	NC	NC
Annual Sampling Program Cost				\$	31,020

- Included at no additional charge:
 - o Use of Nalco's 3D Trasar controller, automated reporting, and a 24/7 monitoring and alarm package
 - o Use of Nalco's web based data management system for the collection and analysis of samples collected onsite.
 - o Continued technical support for issues like the RAC failure, Benson cycle chemistry support, clarifier operation, and others.

2. Service Plan Cost: \$30,000/year

3. **Specialty Chemical Supply Cost:** First year is based on rates in table below and is subject to escalation per the Price Adjustment Formula.

Current Chemical Price List:

Lodi Energy Center											
System	Chemical	Product Name	Product Number	Dosage (mg/l)	Target Residual (mg/l)	Container Size	\$/Lb (Firm)	Lb/Year (Based on Base Case)	\$/Year (Based on Base Case)	Container Provided By	Chemical Type
Auxiliary Boiler	Oxygen Scavenger	Nalco 1720	1720.12	50	30	55-gal MPF	\$2.94	1142	\$3,357	Vendor	Specialty
Auxiliary Boiler	Phosphate (for Drum)	BT-3400	BT-3400.36	2.0	2.0	55-gal MPF	\$3.80	492	\$1,870	Vendor	Specialty
Closed Loop	Corrosion Inhibitor	TRAC108	TRAC108.56	slug	3,000	55-gal drum	\$1.71	564	\$964	Vendor	Specialty
Cooling Tower Circ Water	Anti-foam Biocide (Sodium Bromide)	71D5 PLUS	71D5 PLUS.11	5	NA	5-gal pail	\$7.57	66	\$500	Vendor	Specialty
Cooling Tower Circ Water		1318	1318.33	45	0.3	200-gal JPF	\$2.78	0	\$0	Vendor	Specialty
Cooling Tower Circ Water	Corrosion Inhibitor	3DT187	3DT187.33	45	NA	200-gal JPF	\$2.55	0	\$0	Vendor	Specialty
Cooling Tower Circ Water	Microbial Dispersant	73551	73551.56	5	NA	55-gal drum	\$2.17	0	\$0	Vendor	Specialty
Cooling Tower Circ Water	Mineral Dispersant	3DT187	3DT187.33	45	NA	200-gal JPF	\$2.55	5,220	\$13,311	Vendor	Specialty
Cooling Tower Circ Water	Non-Oxidizing Biocide	H-550	H-550.61	50	NA	250-gal tote	\$4.78	2,000	\$9,560	Vendor	Specialty
Demin Water Treatment	RO Low pH Cleaner	PC-77	PC-77.56	2%	NA	55-gal drum	\$1.80	551	\$992	Vendor	Specialty
Demin Water Treatment	RO Anti-scalant	PC-191T	PC-191T.36	5	NA	55-gal MPF	\$3.83	624	\$2,390	Vendor	Specialty
Demin Water Treatment	RO High pH Cleaner	PC-98	PC-98.56	2%	NA	55-gal drum	\$2.25	470	\$1,058	Vendor	Specialty
Raw Water Treatment	Polymer/Flocculant	7763	7763	2	NA	200-gal JPF	\$2.44	2,421	\$5,906	Vendor	Specialty
									\$39,908		

STIG Plant							
System	Chemical	Product Name	Product Number	Container Size	\$/Lb (Firm)	Container Provided By	Chemical Type
Cooling Tower Circ Water	One-Drum Treatment	3DT187	3DT187.36	55-gal MPF	4.40	Vendor	Specialty
Demin Water Treatment	Caustic (25%)	8735	8735.38	30-gal µPF	6.63	Vendor	Specialty
Demin Water Treatment	RO Low pH Cleaner	PC-77	PC-77.11	5-gal pail	4.91	Vendor	Specialty
Demin Water Treatment	RO Anti-scalant	PC-191T	PC-191T.56	55-gal drum	2.23	Vendor	Specialty
Demin Water Treatment	RO High pH Cleaner	PC-98	PC-98.11	5-gal pail	4.74	Vendor	Specialty
Main Steam Cycle	Amine	352	352	55-gal MPF	5.03	Vendor	Specialty
Main Steam Cycle	Oxygen Scavenger	Eliminox	Eliminox.36	55-gal MPF	4.00	Vendor	Specialty
Main Steam Cycle	Phosphate (for Drum)	1742	1742	200-gal JPF	2.20	Vendor	Specialty

- Items listed in **BOLD** are included as part of Nalco's Porta-Feed system. These chemicals are either supplied in 200 gallon stainless steel returnable tanks or are delivered by a Nalco Delivery Specialist to a designated base tank.
- Where practical, Base Tanks will be supplied by Nalco at no cost to LEC. For the SR Base Tanks LEC is responsible for the containment. Where the usage is low or slug fed periodically it may be more efficient to just switch out these containers. The 55 gallon drums and plastic Schutz Totes are returnable. 5 and 15 gallon pails are not returnable.

Chemical Price Adjustments:

Price Adjustment Formula

In December 2015 the product prices will be reviewed for increase or decrease. Any adjustments will become effective the following January 1st.

Any price increases or decreases will be based on a weighted average of the following Bureau of Labor Statistics Indices, comparing the most recent November values with November 2014 values:

Index	Weighting
WPU 061 Chemicals and Allied Products Producer Price Index (PPI)	64%
CUUR0000SA0E Energy Series Consumer Price index (CPI-E)	16%
CUUR0000SA0 Urban Series Consumer Price Index (CPI-Urban)	20%

The price adjustment formula is:

$$0.64 * ((\text{PPI-061 [2]} - \text{PPI-061 [1]}) / \text{PPI-061 [1]}) + 0.16 * ((\text{CPI-E [2]} - \text{CPI-E [1]}) / \text{CPI-E [1]}) + 0.20 * ((\text{CPI Urban [2]} - \text{CPI Urban [1]}) / \text{CPI Urban [1]})$$

2 denotes index for November of the current year

1 denotes index for November 2014

NOTE: As a public agency, NCPA shall not reimburse Contractor for travel, food and related costs in excess of those permitted by the Internal Revenue Service.

EXHIBIT C

CERTIFICATION

Affidavit of Compliance for Contractors

I,

(Name of person signing affidavit)(Title)

do hereby certify that background investigations to ascertain the accuracy of the identity and employment history of all employees of

(Company name)

for contract work at

LODI ENERGY CENTER, 12745 N. THORNTON ROAD, LODI CA 95242

(Project name and location)

have been conducted as required by the California Energy Commission Decision for the above-named project.

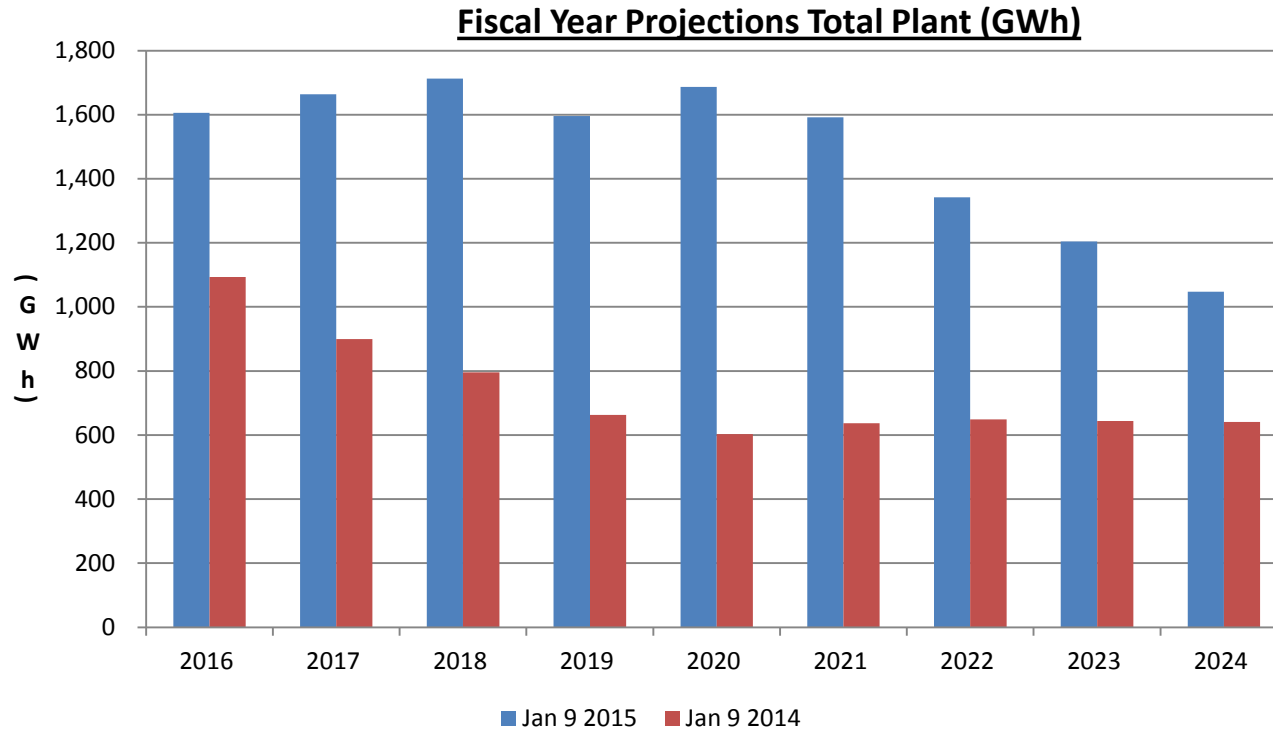
(Signature of officer or agent)

Dated this _____ day of _____, 20 _____.

THIS AFFIDAVIT OF COMPLIANCE SHALL BE APPENDED TO THE PROJECT SECURITY PLAN AND SHALL BE RETAINED AT ALL TIMES AT THE PROJECT SITE FOR REVIEW BY THE CALIFORNIA ENERGY COMMISSION COMPLIANCE PROJECT MANAGER.

2384168.7

Comparison of NCPA LEC Generation Projections (Ver. 1-9-14 Vs. Ver. 1-9-15)



Lodi Energy Center (LEC) Comparison of NCPA Jan 2014 and Jan 2015 Generation Projections (Fiscal Year)									
(GWH)	2016	2017	2018	2019	2020	2021	2022	2023	2024
Jan 9 2015	1,605	1,664	1,713	1,595	1,687	1,592	1,343	1,204	1,047
Jan 9 2014	1,094	900	796	663	603	637	649	644	641

January 22, 2015



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Lodi Energy Center Project Participant Committee Presentation

Agenda Item No. 12

Date: February 9, 2015

To: Lodi Energy Center Project Participant Committee

NCPA's Forecast Analysis regarding GHG allowances will be presented at the meeting.

2016 Proposed Budget

February 4, 2015

Proposed Budget w/Updates

	FY 2014 Actual	FY 2014 Approved Budget	FY 2015 Approved Budget	Increase (Decrease)	Proposed FY 2016 Budget	Additional Output, Escalation, Sales Tax
Routine O & M Costs						
Variable	\$1,035,121	\$3,588,987	3,651,332	1,193,191	\$4,844,523	
Fixed	5,371,948	1,464,503	1,765,358	14,645	1,780,003	
Administration	1,223,987	1,214,657	1,250,914	65,249	1,316,163	Contract Escalation of Water Supply
Mandatory Costs	519,687	456,000	220,000	15,000	235,000	
Inventory Stock	180,577	400,000	400,000	0	400,000	
Routine O & M Costs without Labor	8,331,320	7,124,147	7,287,604	\$1,288,085	8,575,689	
Labor	4,630,807	4,227,098	4,299,182	90,739	4,389,921	2.6% increase non- variable costs
Total Routine O & M Costs	12,962,127	11,351,245	11,586,786	1,378,824	12,965,610	
Projects	1,230,468	1,129,000	4,991,260	(\$3,792,671)	1,198,589	
Maintenance Reserve	397,250	397,250	1,800,000	0	1,800,000	
Total Routine O&M and Projects	14,589,845	12,877,495	18,378,046	(2,413,847)	15,964,199	Final phase payments of T-Line Upgrade

FY 2016 Proposed Projects

O&M Projects		Notes	\$ 125,000
Plant Betterment		D	125,000
Examples of uses; air and water stations on top of clarifier, weather covers over panels, post indicating valve relocation, gate controls, ladders and cages, steps for high concrete foundations			
General & Plant Projects		Notes	\$ 91,000
Administrative Shared Projects (total project \$130,000)		D	
GSU Oil Dryer	(LEC Share)	D	28,000
Bathroom Update	(LEC Share)	D	17,500
Forklift	(LEC Share)	D	31,500
Firewall Replacement Project	(LEC Share)	D	14,000
Capital Development Reserve Projects		Notes	\$ 150,000
Platforms		M	150,000

FY 2016 – Platforms Project

Project	Notes	Total Cost to Complete	FY 2015 Current Budget	FY 2016
Platforms	M	150,000	150,000	150,000

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve



- Continuation of Project from FY15, engineering started
- Required to install platforms in frequently accessed areas to remove scaffolding

FY 2016 – Physical Security Improvements

Project	Notes		FY 2015	FY 2016	FY 2017	FY2018
			Current Budget			
Physical Security	D	(LEC Share \$169,740)	0	200,000	0	0

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve

Financial Evaluation:

NCPA performed a Security Risk Assessment. The Assessment identified weaknesses in security and estimated the risk as a result. Projects to mitigate risk were selected and provide benefit by reducing risk. All projects have B/C >1

- Fencing, Signs, Video surveillance, Alarms, Vegetation, Storage
- Shield, Access control / card readers.
- Law enforcement coordination, Training

FY 2016 – Firewall Replacement Project

Project	Notes	Total Cost to Complete	FY 2015 Current Budget	FY 2016	FY 2017	FY2018
Firewall Replacement Project	D	20,000 (LEC Share \$14k)	0	14,000	0	0

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve



- LEC's part of a larger NCPA initiative to upgrade all firewalls on the business network to next generation firewalls.
- Improved protection, alerts, visibility, and ease of management.

FY 2016 – GSU Oil Dryer

Project	Notes	Total Cost to Complete	FY 2014	FY 2015 Current Budget	FY 2016	FY 2017
GSU Oil Dryer	D	\$40,000 (LEC Share \$28k)			28,000	

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve

Financial Evaluation:

Useful Life (Years):	20
IRR:	59%
Payback (years):	0
NPV @ 5%:	\$73,744
Est. Annual Benefits:	\$7,367

- Recurring maintenance to remove moisture from transformer oil
- Alternative: contract out service



FY 2016 – Forklift

Project	Notes	Total Cost to Complete	FY 2014	FY 2015 Current Budget	FY 2016	FY 2017
Forklift	D	\$45,000 (LEC Share \$31.5k)			31,500	

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve

Financial Evaluation:

Useful Life (Years):	20
IRR:	59.8%
Payback (years):	2
NPV @ 5%:	\$296,561
Est. Annual Benefits:	\$16,201

- Existing Clark lift failed
- 25 years old
- Currently Renting

FY 2016 – Bathroom Update

Project	Notes	Total Cost to Complete	FY 2014	FY 2015 Current Budget	FY 2016	FY 2017
Bathroom Updates	D	\$25,000 (LEC Share \$17.5k)			17,500	

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve

Financial Evaluation:

Useful Life (Years):	n/a
IRR:	n/a
Payback (years):	n/a
NPV @ 5%:	n/a
Est. Annual Benefits:	n/a

- Non-financial project
- Correct recurring problems with plumbing, fixtures and remove porous surfaces for effective cleaning

FY 2016 – CAISO Project Updated Economics

Project	Notes	Total Cost to Complete	FY 2014	FY 2015 Current Budget	FY 2016	FY 2017
Transmission Line Upgrade	D	6,052,609**	911,000	4,504,000	632,000	

Notes:

- D Discretionary
- M Mandatory
- Annual deposit to the Capital
- CR Development Reserve

Phase II Cost Network Upgrade	4,504,000
Phase II Interconnection Facilities	41,508
Engineering	78,985
Materials	207,025
Construction	212,323
Subtotal	5,043,841
Contingency	1,008,768
Total	6,052,609
Paid FY14	911,000
Paid FY15	4,508,760
Proposed Budget FY16	632,849

Financial Evaluation:

Useful Life (Years):	30
IRR:	14.1
Payback (years):	6
NPV @ 5%:	\$4,566,397
Est. Annual Benefits:	\$344,849

- Approved by PPC in 03/2014
- **Estimated Cost to Complete at time of approval was \$7,533,000

LEC 2016 Project Forecast

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
TOTAL ROUTINE O&M + PROJECTS	\$15,129,873	\$14,772,790	\$15,153,373	\$15,420,974	\$15,940,954	\$16,183,682	\$16,819,543	\$17,793,929	\$17,522,247
TOTAL ROUTINE O&M	\$12,963,873	\$13,352,790	\$13,753,373	\$14,165,974	\$14,590,954	\$15,028,682	\$15,479,543	\$15,943,929	\$16,422,247
O&M PROJECTS	\$216,000	\$35,000	\$0	\$5,000	\$100,000	\$5,000	\$240,000	\$250,000	\$0
Plant Betterment	125,000								
GSU Oil Dryer (LEC Share)	28,000								
Bathroom Update (LEC Share)	17,500								
Forklift (LEC Share)	31,500								
Firewall Replacement Project (LEC Share)	14,000								
Gas Turbine Insulation								250000	
Cooling Tower Pump Down					100000				
DCS Software Upgrades							200,000		
iRig-B Time Stamping		30,000							
HVAC							40,000		
Vehicles		5,000		5,000		5,000			
CAPITAL PROJECTS	150,000	150,000	300,000	150,000	150,000	50,000	0	500,000	0
Platforms	150,000	150,000	150,000	150,000	150,000	50,000			
CT Maintenance Access	0								
ST Access			150000						
Air Filter Puffer System								500000	
RESERVE FUNDING	1,800,000	1,235,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Maintenance Reserve	1,800,000	1,235,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

Maintenance Reserve

Funding/(Expenditures)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Reserve Balance											
Combustion Turbine	120,000	3,940,000			320,000	1,650,000			210,000	500,000	0
	CI	HGP			CI, SP	HGP			CI, SP	Major	
Steam Turbine	-	-	145,000	-	-	-	-	20,000	-	125,000	0
			Limited					Servos		Major	
Generators	-	-	585,000	-	-	-	-	1,385,000	-	-	0
			Medium					Major			
Balance of Plant	-	200,000	385,000	240,000	-	165,000	170,000	300,000	335,000	470,000	0
		HV, IW	Valves	Pumps		IW	HV	Valves, SRV	Pumps	CTW, Bat, FGC	
HRSG	-	40,000	145,000	40,000	-	40,000	1,000,000	185,000	-	40,000	0
		NDE		NDE		NDE	Catalyst	NDE		NDE	
Projected Requirements	120,000	4,180,000	1,260,000	280,000	320,000	1,855,000	1,170,000	1,890,000	545,000	1,135,000	0
Funding Requirement	1,800,000	1,800,000	1,235,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Cumulative Balance	2,455,584	75,584	50,584	870,584	1,650,584	895,584	825,584	35,584	590,584	555,584	1,655,584

VOM Impact

VOM Impact	Approved FY15 Budget	Approved FY15 VOM	Proposed FY16 Budget	Proposed FY16 VOM
Variable Cost	\$	\$/MWH	\$	\$/MWH
Operations (Appendix I)	1,191,985	0.94	\$1,516,320	0.94
LTSA	2,409,386	1.89	\$3,328,201	2.07
Maintenance Reserve Variable (Appendix I)	277,734	0.23	\$353,208	0.22
Total	3,979,570	3.06	\$5,197,729	3.23

Forecasted Generation (MWH)	1,207,542	1,605,494
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February 2, 2015

Mr. Richard Maullin
Chair of Board of Governors
California Independent System Operator
PO Box 639014
Folsom, CA 95763-9014

651 Commerce Drive
Roseville, CA 95678
(916) 781-3636
www.ncpa.com

SUBJECT: 2015 Stakeholder Initiatives Catalog Process

Dear Mr. Maullin:

The Northern California Power Agency (NCPA) has been engaged in discussions with CAISO staff for several years regarding an issue that we believe is unjust and unreasonable for market participants who provide Regulation services to the CAISO, and that could ultimately pose a significant threat to the reliability of the CAISO Balancing Authority Area. NCPA raised its concerns as part of the 2013 and 2015 Stakeholder Initiatives Catalog process, but unfortunately, the issue identified by NCPA has been ranked as a low priority by CAISO in both the 2013 and 2015 final Stakeholder Initiatives Catalogs. The purpose of this letter is to ensure that you and the other CAISO Board members are made aware of our concerns, and to request that you ask the Market Surveillance Committee to review this issue to evaluate its impact on market efficiency and reliability.

NCPA's concern focuses on the way in which Regulation services sold to the CAISO are settled. When a market participant provides Regulation services to the CAISO, the market participant is paid for the generation capacity that is made available to the CAISO. The capacity sold can then be used by the CAISO via its Automatic Generation Control (AGC) systems to manage system frequency variations every four (4) seconds. When the output of a generation resource providing Regulation Up service is increased by the CAISO, the extra amount of energy produced is sold to the CAISO and is priced at the five-minute, Real-Time Market price. Likewise, when the output of a generation resource providing Regulation Down service is reduced by the CAISO, the amount of energy that is not produced, that would have otherwise been produced based on a previously determined day-ahead schedule, is purchased back from the CAISO, and is priced at the Real-Time Market price.

The concern arises when the total daily capacity payments received by generation resources providing Regulation services are completely eliminated due to Real-Time Market price volatility that is out of the market participant's control and is unrelated to the actual services being provided. NCPA, which supplies both Regulation Up and Regulation Down services to the CAISO, has observed many instances in which the total daily capacity payment made to NCPA was completely eliminated due to Real-Time Market price volatility – again, volatility unrelated to the actual services being provided. In fact, NCPA has observed many instances in which NCPA's provision of Regulation services to the CAISO resulted in significant net losses, even though NCPA's generation resource was accurately responding to the CAISO's AGC signals. NCPA contends that if this settlement outcome becomes more frequent it could have negative impacts on market efficiency and

reliability. NCPA and other market participants providing Regulation services to the CAISO may be forced to view the situation as one in which the risk of providing the service outweighs the benefits received for providing it. This may result in NCPA and others electing not to provide such services to the CAISO. We understand Regulation services, particularly Regulation Down services, will be an essential tool that the CAISO will need in order to reliably manage the grid as greater and greater concentrations of variable energy resources (e.g., wind and solar) are interconnected to the CAISO grid.

NCPA believes that this is a sufficiently serious issue to warrant the time and resources necessary to be further explored and analyzed by the Market Surveillance Committee. While NCPA was the only stakeholder to put this issue forward in the Stakeholder Initiatives Catalog processes, we believe it has a broad market impact now, and the potential to become an increasingly serious matter in terms of both efficiency and reliability going forward. Per this letter, NCPA is requesting that the CAISO Board ask the Market Surveillance Committee to undertake a study of the settlement results for market participants that are providing Regulation services to the CAISO, and to report back to the Board and CAISO stakeholders on the following analyses:

- The number of instances in which the daily compensation paid to generation resources for Regulation Down capacity has been completely eliminated (or nearly eliminated) by virtue of the generator being required to purchase back energy from the CAISO at Real-Time Market prices that are greater than the Day-Ahead market prices paid to the generator for its awarded schedule;
- The number of instances in which the daily compensation paid to generation resources for Regulation Up capacity has been completely eliminated (or nearly eliminated) by virtue of the generator being required to sell energy to the CAISO at Real-Time Market prices that are either (i) negative, or (ii) that are less than the variable operating cost of the generation resource;
- The Market Surveillance Committee assessment as to whether an increase in Real-Time Market price volatility and the number of instances where such price volatility results in a generation resource being financially harmed could lead to market participants withdrawing from the Regulation markets; and
- An assessment by the Market Surveillance Committee of whether the CAISO staff's suggestion that such risk can be incorporated into a market participant's capacity Bid (as further described in NCPA's comments appended to this letter as Attachment 2) is realistic and/or practical given the absence of any relationship between CAISO's use of Regulation capacity and the Real-Time Market prices.

This is a very detailed and technical issue. We have found that when we present this issue to individuals graphically, they immediately recognize the market and reliability concerns we have identified. However, due to the competitive implications associated with providing NCPA's actual market results, or other individual market participants' market results available in such graphical form, we are suggesting that the Market Surveillance Committee perform this analysis in order to

protect the confidential nature of the resulting information to ensure continued competitive markets. NCPA is more than happy to assist in performing such analyses.

For your information and reference, we are attaching copies of NCPA's comments submitted to the CAISO as part of the previous Stakeholder Initiatives Catalog processes, and a set of informal notes that NCPA has used to discuss this issue with FERC. As you will see in the attached, in addition to identifying this issue as part of the Stakeholder Initiatives Catalog process, NCPA has also proposed a possible solution that it feels would mitigate this concern, which NCPA has generally referred to as Regulation Service Real-Time Energy Make Whole Settlement.

We thank you for your service on the CAISO Board, and we are hopeful that you will consider our request favorably.

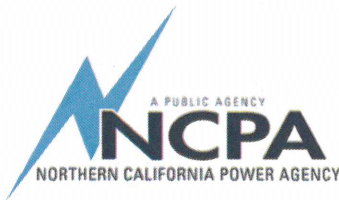
Sincerely,



DAVID DOCKHAM

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cc: Ashutosh Bhagwat, Board Member CAISO
Angelina Galiteva, Board Member CAISO
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Steve Berberich, President and Chief Executive Officer
Keith Casey, Vice President Market and Infrastructure Development
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**Comments of Northern California Power Agency
Stakeholder Initiatives Catalog
November 19, 2014 Revised Draft Stakeholder Initiatives Catalog**

December 5, 2014

Northern California Power Agency (NCPA) appreciates the opportunity to provide the following comments in response to the CAISO's Revised Draft Stakeholder Initiatives Catalog posted November 19, 2014 and its subsequent stakeholder call on November 21, 2014.

As a general comment, NCPA questions the value of the Stakeholder Initiatives Catalog process. Past iterations of this process have demonstrated that stakeholder input in support for an initiative doesn't correlate with the initiative being undertaken or even being prioritized in subsequent years. Additionally, experience has shown that the ability of the CAISO to accomplish the highly ranked initiatives is constrained by the availability of staff resources and the need to address acute market issues as they arise. NCPA therefore contends that while developing a catalog of current, potential, and mandated initiatives is a useful exercise, seeking stakeholder input in the ranking process of potential initiatives is perhaps misleading.

2.3 Multi-Day Unit Commitment in Integrated Forward Market

NCPA supports the CAISO's ranking of this initiative and looks forward to participating in the stakeholder process.

3.7 Hourly Bid Cost Recovery Reform

NCPA supports the CAISO's ranking of this initiative and looks forward to participating in the stakeholder process.

5.6 Regulation Service Real-Time Energy Market Whole Settlement

NCPA maintains that this initiative is important for the efficient and reliable operation of the CAISO market and that it should be highly ranked. In particular, this initiative

was ranked as “3” by the CAISO in both the categories of “Grid Reliability” and “Improving Overall Market Efficiency.” NCPA strongly disagrees with these rankings.

With the increasing capacity of intermittent generation sources in the generation fleet in California, concern about the need for responsive, flexible resources to enable the CAISO to operate the system reliably has been at the forefront in nearly every recent stakeholder initiative. Given this, NCPA contends that exposing Scheduling Coordinators for generators providing regulation services to Real-Time energy price risk significantly diminishes the incentive for SCs to bid regulation capacity into the market. This is especially the case given that the Area Control Error (ACE) for which the regulation capacity is converted to energy is on four-second intervals and thus well after the determination of the economic prices in the Real-Time market.

The suggestion is often made that the Real-Time energy price risk can be built into the Regulation bid price. NCPA notes, however, that this is a weak argument since (1) the energy prices are in MWh and the capacity payments are for MW, (2) forecasting Real-Time prices and Real-Time price volatility – which is significant in its frequency, magnitude, and causes – is a challenge to say the least, and the generator’s ability to predict when the CAISO will move the generator relative to Real-Time prices to which it is exposed is completely speculative.

The consequence of the exposure to Real-Time energy price risk is a significant disincentive to provide Regulation Energy bids. This has a substantive negative impact on grid reliability and market efficiency and consequently NCPA asserts that the ranking for this initiative in both those categories should be “7.”

6.1 Congestion Revenue Rights Enhancements to Address Revenue Inadequacy

NCPA supports the CAISO’s ranking of this initiative and looks forward to participating in the stakeholder process.

11.14 Multiple Resource IDs per Generation Meter

NCPA does not support the foregone conclusion that a portion of a generator’s output should be able to be modeled as a “pseudo-generator.” Such an approach presents significant complexity in the bidding and settlement of such resources and NCPA feels this is an undue effort and expense. Subsets of resources, for example a subset of wind turbines in a wind farm, should establish metering and telemetry commensurate with rules for all other generators in order to participate as individual generators. Since, as

described, there is already a mechanism to achieve this outcome, NCPA contends that the ranking of “7” in the category of “Improving Market Efficiency” is unwarranted and recommends that this score be changed to “0.”

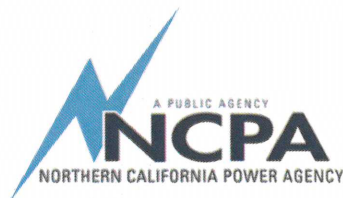
**Except of Issue Paper Presented to FERC Chairman LaFluer's Office
May 14, 2014**

Issue – Regulation Service Real-Time Energy Make Whole Settlement

In the current CAISO market a market participant can bid to provide Regulation Up and Regulation Down Ancillary Services to CAISO. Regulation Up and Regulation Down service provides an option for CAISO to dispatch a generator up or down in real-time (depending on the product) within a defined capacity range. Signals are delivered to the generator every four (4) seconds via automatic generator control signals ("AGC"). When the generator is dispatched from its scheduled operating level, the difference between the amount of energy that is produced within the awarded regulation capacity range and the amount of energy scheduled is treated as Regulation Energy and settled as a form of real-time instructed imbalance energy. Instructed Imbalance Energy is settled by the CAISO at the real-time LMP, and the market participant is either paid or charged by the CAISO for such difference.

NCPA has experienced many circumstances where the price at which the instructed imbalance energy settles results in a significant net loss to NCPA, even though the resource providing the regulation service to CAISO performed as dispatched by CAISO. In many instances, NCPA has sold Regulation Down capacity to CAISO and the CAISO dispatched the unit down in real-time. When this has occurred, NCPA effectively bought back energy from CAISO in real-time for a significant loss. Prices for each real-time settlement interval are calculated prior to CAISO's dispatch of Regulation Energy; therefore the real-time price does not reflect the movement or dispatch of the generator for regulation services. The CAISO has been very clear that Regulation service is and will continue to be a very important tool for managing variability and uncertainty on the system. NCPA strongly believes that the current settlement structure, in which a market participant providing this valuable service can lose significant amounts of money when it provides the service according to CAISO's instructions, is completely contradictory to the price signal that should be provided through the market to encourage the provision of the flexible ancillary services. If the CAISO would like market participants to continue providing Regulation service, and increase the amount offered over time with new investments in such attributes, the settlement of instructed imbalance energy associated with Regulation capacity must ensure that provision of the service is not a money-losing proposition for market participants.

NCPA has requested that CAISO add a new initiative to its Stakeholder Initiative Catalog to develop a solution so that a market participant is not financially harmed when providing Regulation service to CAISO. For example, a simple rule where the price for the instructed imbalance energy associated with Regulation Down could be equal to the minimum of a resource's cost or the real-time LMP, or the price for the instructed imbalance energy associated with Regulation Up could be equal to the maximum of a resource's cost or the real-time LMP. NCPA is open to consider other solutions to address this issue, but any solution must ensure that the market is providing the correct incentives for a very important reliability product.



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Comments of Northern California Power Agency 2013 Stakeholder Initiatives Catalog

October 14, 2013

Northern California Power Agency ("NCPA") provides the following comments in response to CAISO's 2013 Stakeholder Initiatives Catalog. NCPA requests that the following discretionary initiative be added to the catalog and be treated as a high priority item:

- Regulation Service Real-Time Energy Make Whole Settlement

In the current CAISO market a market participant can transact Regulation Up and Regulation Down Ancillary Services with CAISO. Regulation Up and Regulation Down service provides an option for CAISO to dispatch a generator up or down in real-time (depending on the product transacted) within a defined capacity range. Signals are delivered to the generator every four (4) seconds via automatic generator control signals ("AGC"). When the generator is dispatched off of its scheduled operating level, the difference between the amount of energy that is produced within the awarded regulation capacity range and the amount of energy scheduled is treated as regulation energy and settled as a form of real-time instructed imbalance energy. Instructed imbalance energy is settlement by the CAISO at the real-time LMP, and the market participant is either paid or charged by the CAISO for such difference.

NCPA has experienced many circumstances where the price at which the instructed imbalance energy settlement results in a significant net loss to NCPA, even though the resource providing the regulation service to CAISO performed as dispatched by CAISO. NCPA has experienced many instances where it has sold Regulation Down capacity to CAISO, the CAISO dispatched the unit down in real-time, and NCPA was forced to buy back energy from CAISO in real-time for a significant loss. For example (hypothetical for confidentiality reasons; ignores time interval for simplicity):

- Regulation Down Capacity Sold – 10 MW
- Price for Regulation Down Capacity - \$5 / MW
- Settlement for Regulation Down Capacity - \$50 paid to NCPA

- Regulation Down Capacity Dispatched – 8 MW
- Resulting Instructed Imbalance Energy – 8 MW
- Real-Time LMP - \$500 / MWh
- Resulting Energy Settlement - \$4,000 charge to NCPA

The CAISO has been very clear that Regulation services is and will continue to be a very important tool for managing variability and uncertainty on the system. NCPA strongly believes that the current settlement structure, in which a market participant providing this valuable service can be significantly harmed for providing the service, is completely contradictory to the price signal that should be provided through the market to incent the provision of the service. If the CAISO would like market participants to continue providing Regulation service, and increase the amount offered overtime, the settlement of instructed imbalance energy associated with Regulation capacity that is dispatched by CAISO needs to be adjusted to ensure that the market participant is not financially harmed; otherwise the risk and reward balance is simply not equitable.

NCPA requests that CAISO add a new initiative to the catalog to develop a solution to this issue so that a market participant is not financially harmed when providing Regulation service to CAISO. For example, a simple rule where the price for the instructed imbalance energy associated with Regulation Down could be equal to the minimum of a resource's cost or the real-time LMP, or the price for the instructed imbalance energy associated with Regulation Up could be equal to the maximum of a resource's cost or the real-time LMP. NCPA is open to consider other solutions to address this issue, but to ensure the market is providing the correct incentives for a product that will be very important for reliability in the future, NCPA believes this issue should be assigned a very high priority and be addressed as soon as possible.