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Agenda

Date: March 4, 2015

Subject: March 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:

- February 9, 2015 regular meeting

MONTHLY REPORTS

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

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

5. Update regarding Results of Change in Strategies for CAISO Integrated Forward Market – Staff to discuss the results for February 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 February - Accept by all Participants

8. Financial Report for February - Approve by all Participants

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

10. Brenntag Pacific, Inc. Agreement - Staff seeking approval of a five year Multi-Task Agreement for the Purchase of Equipment, Materials and Supplies with Brenntag Pacific, Inc. in an amount not-to-exceed \$1,500,000 for chemical purchases as needed at all NCPA locations and further approve General Manager authorization for issuance of purchase orders for any amount as needed pursuant to the contract. All purchase orders issued pursuant to this agreement will be charged against approved Annual Operating budgets.

11. Sierra Chemical Company Agreement - Staff seeking approval of a five year Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Sierra Chemical Company in an amount not-to-exceed \$1,500,000 for chemical purchases as needed at all NCPA locations and further approve General Manager authorization for issuance of purchase orders for any amount as needed pursuant to

the contract. All purchase orders issued pursuant to this agreement will be charged against approved Annual Operating budgets.

- 12. Peterson Industrial Scaffolding, Inc. Agreement** – Staff seeking approval of a five year Multi-Task General Services Agreement with Peterson Industrial Scaffolding, Inc. in a not-to-exceed amount of \$350,000 for scaffolding services as needed at the LEC, CT and Geothermal facilities. All purchase orders issued pursuant to this agreement will be charged against approved Annual Operating budgets.

Consent Items pulled for discussion: _____

BUSINESS ACTION ITEMS

- 13. PPC Chairperson Position** – Serving since September 9, 2011, Mike Werner requested election of a new Chairperson to conduct the business of the PPC.

INFORMATIONAL/ DISCUSSION ITEMS

- 14. FY2015/16 Draft Budget** – Draft complete Budget including overhead and allocation numbers presented for review (*Mike DeBortoli*)
- 15. Capacity Procurement Mechanism Replacement** – Staff to provide a verbal update regarding CAISO's effort to develop a mechanism to replace the existing Capacity Procurement Mechanism (CPM) and how such may impact the Lodi Energy Center (*Tony Zimmer*)
- 16. Other New Business**

ADJOURNMENT

Next Regular Meeting: April 13, 2015

**Lodi Energy Center
Project Participant Committee Meeting
February 9, 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 10:04 a.m. by Chairman Mike Werner. He asked that roll be called of the Project Participants 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	Absent	1.9643%
Healdsburg - Crowley	Absent	1.6428%
Lodi - Cadek	Present	9.5000%
Lompoc - Hostler	Absent	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	8	91.7858%
Absent	5	8.2142%
Quorum by #:	Yes	
Quorum by GES:	Yes	
Meeting Date:	2/9/2015	

Public Forum

Chairman Werner asked if any members of the public were present in Lodi or at any of the other noticed meeting locations who 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 January 12, 2015 were considered. The LEC PPC considered the following motion:

Date: 2/9/2015

Motion: The PPC approves the minutes of the January 12, 2015 regular meeting as presented.

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	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Absent	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	8	91.7858%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	5	8.2142%
Result:		Motion passed.

MONTHLY REPORTS

3. Operational Reports for January 2015

Jeremy Lawson presented the Operational Report for January. He reported the plant ran virtually non-stop for the entire month with only one hot start. There were no OSHA recordable accidents, no permit violations and no NERC/WECC violations.

Jeremy's oral report reflected monthly production of 196,014 MWH, 731 service hours, and equivalent operating availability of 100.00%. The report set forth the Capacity Factor @ 280MW Pmax of 94.09% and @ 302MW Pmax of 87.24%. He discussed the AGC Control Deviation and noted it was mostly in the 284-296 MW range. He said the plant ran very well and utilized less fuel than listed in the PMOA.

4. Market Data Report for January 2015

Bob Caracristi discussed the operating and financial settlement results for the month which dovetailed with the operational report.

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

Ken Goeke provided a further update to the Committee for January with the results from the change in bidding strategy. The results continue to be favorable as demonstrated by the detailed modelled data results. Staff will continue to monitor run-off, load levels, and congestion which may affect these outcomes. Staff will continue to run the model even when the bid strategy returns to cycling the plant.

6. Monthly Asset Report

Mike DeBortoli presented the monthly asset report/budget review for December. He noted the administration costs were up in December because the lease payments for both November and December were captured in the month. This was expected as discussed last month because the November administration costs were down for the same reason. The maintenance costs were also up in December because invoices for maintenance services during the November outage continued to be received in December. Mike said overall the maintenance costs look to be a bit over budget so far this year.

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. At the request of Mike DeBortoli, Chairman Werner removed Item no. 11, the Nalco Company Water and Process Services agreement. For the remaining items, 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: 2/9/2015

Motion: The PPC approves the Consent Calendar consisting of agenda items no. 7 Treasurer's Report for January 2015; 8. Financial Report for January 2015; 9. GHG Reports for February 2015; and 10. Differential Transmission Cost Adjustment update with no activity for January 2015.

Moved by: MID

Seconded by: CDWR

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	Absent	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	9	93.7501%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	4	6.2499%
Result:	Motion passed.	

BUSINESS ACTION ITEMS

11. Nalco Company Water and Process Services Agreement.

In addition to the Staff Report, Mike DeBortoli presented a PowerPoint which gave an overview of the specialty chemicals system diagram for LEC, bid results for the four component bid cost, an overview of the Nalco services, and information about the specific service requirements for this product. He said prices are based on a 50% capacity factor. He further explained the specialty chemicals are a special blend and not compatible with other vendor's chemicals so a program is adopted with one vendor for the chemistry program. In response to a question about the ability to change providers, Mike said when it is determined to change vendors, a phase in-out plan is implemented. He explained the bids received included chemical cost, service cost, analytical cost, and equipment cost. Nalco was the lowest responsive bidder.

The LEC PPC considered the following motion:

Date: 2/9/2015

Motion: The PPC approves 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, for delivery of specialty chemicals in an amount to exceed \$1,000,000 over five years.

Moved by: Azusa

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

12. Forecast of GHG Allowances

Jan Bonatto displayed a PowerPoint presentation providing forecasting and analysis of the Power Supply budget and assumptions upon which the information is based. Dave Dockham said this item follows up the discussion at last month's meeting and was prompted by CDWR's question as to why the forecast for GHG allowances is going up so much. There is a big difference between the FY15 budget and the FY16 budget forecast. Jan discussed the power forward price curves, natural gas forward price curves, environmental costs, and emissions cost comparisons. A good discussion was had among the Participants, NCPA staff, and General Manager Randy Howard. Conclusions presented were that higher forecasted generation in FY16 primarily resulted from lower forecasted environmental costs; other elements, particularly the forward power and gas prices, influence forecasted plant generation; and any forecast, especially those running out ten years, needs to be considered in terms of risk tolerance with the knowledge that forecasts generally tend to become obsolete in a matter of months, much less years.

The following item was taken out of order.

14. Regulation Energy Make-Whole Payment Letter to CAISO Board

Gillian Biedler presented a letter dated February 2, 2015 submitted by NCPA to the CAISO Chair of Board of Governors in conjunction with the 2015 Stakeholder Initiatives Catalog

Process. The purpose of the letter is to elevate NCPA's concerns about the way in which Regulation services sold to the CAISO are settled. Specifically, 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. Mr. Burke from CDWR commented that CDWR also pointed out the process is a bit disingenuous in this regard. NCPA's letter requests that the Market Surveillance Committee be directed to look into this issue. Gillian reported that CAISO has agreed to do the analysis and evaluate the results.

Dave Dockham said Mark Rothleder is aware of the numbers and while everyone may agree this is a valid concern, an estimated \$250,000 issue in a \$20 billion market is a small number in the grand scheme of things. We will learn how this issue fares during the next catalog process in approximately 2-1/2 years. George Morrow commented favorably on the letter submitted and appreciates NCPA raising the flag on this issue.

13. FY2015/16 Initial Budget Presentation

Mike DeBortoli presented a PowerPoint providing an overview of the draft budget for FY16 for the LEC. Mike discussed the budget items showing a significant proposed increase. He said the Variable cost under Routine O&M increased as a result of the Long Term Maintenance Program including additional output, escalation and sales tax. He said 64% of the LTA cost is taxable at the rate of 8%. Ken Speer said NCPA is recommending pay as you go for this cost. The Administration cost increase is attributable to the escalation factor associated with the water supply contract which was not included in the budget number for FY15 so this increase captures two years.

Mike described and went through the economics for each of the projects contemplated in the FY16 budget including O&M projects, general and plant projects, and capital development reserve projects. The platform project continues from FY15 for installation of platforms in frequently accessed areas to remove scaffolding. Since scaffolding cannot be installed permanently, the goal is to get platforms installed where it is economic to do so. In addition, the draft budget reflects a decrease in the Transmission Line project for FY16 and Mike said the total cost to complete this project is now estimated at \$6,052,609. At the time the transmission upgrade project was approved in 2014, the estimated cost was over \$7,500,000. Funding for the transmission upgrade project in FY16 is \$632,849 with the in service date now estimated in 2016. In response to a question, it was confirmed that the network upgrade refundable costs are over a five year period and should be reflected in future budget numbers. With respect to the maintenance reserve, the numbers do not take into account the revised bidding strategy which results in less start-ups. It is possible future funding for the LTA could be reduced if long term savings are realized.

The final item included in the budget presentation was the impact on variable operation and maintenance cost (VOM) and the proposed VOM for FY16. The proposed rate for FY16 is \$3.23, up from \$3.06 in FY15. This change will require a revision to PMOA Agreement Schedule 1, Exhibit 2.

The overhead and allocation budget numbers will be available the first week of March. Request for approval of the final budget is expected at the April meeting.

15. Other New Business

Martin Caballero mentioned news coming out of CAISO. He said he understands CAISO is seeking to approve new backstop capacity procurement rules. NCPA will look into this.

George Morrow said he wanted to make some comments for Randy Howard's benefit to let him know that the LEC Project Participants are very happy with the project itself, staff, and the detail and timeliness of information shared. The Lodi Energy Center is a great project.

Adjournment

The next regular meeting of the PPC is scheduled for Monday, April 13, 2015. The meeting was adjourned at 11:48 a.m.

DRAFT



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Lodi Energy Center Project Participant Committee Operational Report

Agenda Item No.: 3

Date: 3/09/2015
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 February

Planned Outage Summaries:

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

Generating Unit

Lodi Energy Center

Statistics:**Report Date:**

Start Date 2/1/2015

End Date 3/1/2015

1. Monthly Production 151,620 MWH
2. Productivity Factor
- a. Service Hours 605 Hours
- b. Service Factor 89.96 %
- c. Capacity Factor @ 280MW Pmax 80.58 %
- d. Capacity Factor @ 302MW Pmax 74.71 %
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	6,950	6870	1.17%	23,379	\$7,493
Seg. 3	275 - 284	6,962	6971	-0.14%	33,476	-\$1,261
Seg. 4	250 - 275	7,000	7081	-1.14%	55,450	-\$17,947
Seg. 5	225 - 250	7,075	7130	-0.77%	15,792	-\$3,479
Seg. 6	200 - 225	7,171	7315	-1.97%	10,673	-\$6,140
Seg. 7	175 - 225	7,366	7711	-4.48%	8,174	-\$11,287
Seg. 8	165 - 175	7,650	7856	0.00%	3,304	-\$2,720
					150,250	-\$35,341

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	65	-47	112	\$3,110
Seg. 3	275 - 284	100	-132	232	\$6,464
Seg. 4	250 - 275	239	-56	295	\$8,271
Seg. 5	225 - 250	84	-44	127	\$3,606
Seg. 6	200 - 225	59	-36	95	\$2,732
Seg. 7	175 - 225	41	-32	73	\$2,152
Seg. 8	165 - 175	13	-7	20	\$614
		601	-354	955	\$26,949

7. Starting Reliability

Start Type	Hot Starts	Warm Starts	Cold Starts
Number of Starts	5	0	0
Start Time Benchmark (Minutes)	85	160	235
Start Time Actual (Average Minute)	128.2	160.0	235.0
Start Time Deviation (%)	50.8%	0.0%	0.0%
Start Fuel Benchmark PMOA (mmBTU)	1,967	5,200	5,430
Start Fuel Actual (Average mmBTU)	2,443	5,200	5,430
Fuel Deviation	24.2%	0.0%	0.0%
Costs of Fuel Deviations (\$)	\$1,903	\$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 = $(Actual\ Fuel\ Consumed - Expected\ Fuel) \times Cost\ of\ Fuel$

	July	August	September	October	November	December	January	January (Estimate)	January (Diff)	January Estimate vs Actual (Diff %)	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	6,323,574	5,330,591	-992,983	-18.6%	5,945,681	7,423,772	3,972,984	1,636,227	2,553,654	58,213,387	51,681,547	112.6%	
Capacity Factor	57%	33%	89%	87%	26%	51%	94%	68%	-26%	-39%	94%	91%	57%	24%	36%	61%	52%		
Fuel Consumed (mmBTU, estimated)	841,281	498,061	1,261,077	1,261,077	377,086	765,116	1,375,224	967,891	-407,333	-42%	1,217,656	1,296,280	792,312	329,286	493,426	10,507,882	9,123,040	115.2%	
Avg Fuel Cost (\$/mmBTU)	5.23	5.05	4.96	4.97	5.13	4.45	3.54	3.97	0	11%	3.98	4.04	4.09	4.12	4.36	4.49	4.51		
Power Produced (MWhr, estimated)	118,475	69,005	178,828	178,828	51,635	106,336	196,020	141,298	-54,722	-39%	177760	189238	115666	48071	72033	1,501,895	1,274,807	117.8%	
Avg Power Price (\$/MWhr)	51.48	48.21	45.28	45.28	49.51	43.40	35.04	36.81	2	5%	35.19	35.69	38.25	39.38	41.16	42.32	43.88		
Operations / Variable / LSTA	33,177	143,351	75,472	1,053,321	85,959	130,448	426,789	743,862	317,073	43%	173,138	1,197,750	112,659	46,821	494,546	3,973,431	3,651,332	108.8%	
Fuel (estimated)	4,398,896	2,515,899	6,260,014	6,266,698	1,932,834	3,406,639	4,863,748	3,839,484	-1,024,264	-27%	4,842,989	5,239,077	3,241,241	1,355,118	2,152,735	46,475,889	41,167,130	112.9%	
AB32 GHG Offset (estimated)	532,550	314,769	809,067	809,067	244,760	504,456	950,428	706,490	-243,938	-35%	888,800	946,190	578,330	240,355	360,165	7,178,937	6,374,035	112.6%	
CA ISO Charges (estimated)	49,127	31,851	76,143	75,645	21,656	44,328	82,609	40,754	-41,855	-103%	40,754	40,754	40,754	40,754	40,754	585,129	489,050	119.6%	
Routine O&M (Fixed)	552,933	791,135	793,683	677,404	878,278	1,488,858	613,030	814,855	201,825	25%	822,855	822,855	764,908	764,908	762,908	8,690,834	8,935,879	97.3%	
Maintenance / Fixed	31,638	191,168	148,448	225,573	224,966	285,636	160,174	179,947	19,773	11%	187,947	187,947	130,000	130,000	128,000	2,031,497	1,765,358	115.1%	
Administration	106,163	96,717	188,734	18,250	7,496	188,236	20,584	104,068	83,484	80%	104,068	104,068	104,068	104,068	104,068	1,146,520	1,250,914	91.7%	
Mandatory Costs	27,186	10,162	7,623	1,763	13,784	2,227	3,548	26,209	22,661	86%	26,209	26,209	26,209	26,209	26,209	197,338	220,000	89.7%	
Inventory Stock	0	91,974	43,909	28,659	5,803	0	11,687	36,364	24,677	68%	36,364	36,364	36,364	36,364	36,364	363,852	400,000	91.0%	
Labor	286,415	284,596	288,276	304,166	522,865	121,672	313,673	364,797	51,124	14%	364,797	364,797	364,797	364,797	364,797	4,145,648	4,299,182	96.4%	
Insurance	0	0	13,885	0	0	792,094	0	0	0	#DIV/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	98,993	0	0%	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	4,371	4,477	106	2%	4,477	4,477	4,477	4,477	4,477	55,005	51,781	106.2%	
Projects	150,000	155,088	150,000	150,000	152,168	159,770	150,000	241,559	91,559	38%	241,559	241,559	241,559	703,998	4,203,998	6,699,699	6,791,260	98.7%	
Maintenance Reserve	150,000	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	1,800,000	1,800,000	100.0%	
Operations & Maintenance Projects	0	0	0	0	0	8,512	0	53,998	53,998	100%	53,998	53,998	53,998	53,998	53,998	278,502	332,500	83.8%	
Capital Projects	0	5,088	0	0	2,168	1,258	0	37,561	37,561	100%	37,561	37,561	37,561	500,000	4,000,000	4,621,197	4,658,760	99.2%	
A&G	104,462	121,410	131,651	132,694	127,777	113,545	260,575	187,422	-73,153	-39%	187,422	187,422	187,422	187,422	187,422	1,929,224	2,166,107	89.1%	
Administrative & General (Allocated)	86,419	101,714	108,222	111,235	108,310	93,570	228,298	149,294	-79,004	-53%	149,294	149,294	149,294	149,294	149,294	1,584,238	1,728,654	91.6%	
Generation Services Shared	18,043	19,696	23,429	21,459	19,467	19,975	32,277	38,128	5,851	15%	38,128	38,128	38,128	38,128	38,128	344,986	437,453	78.9%	
Total O&M Cost	5,821,145	4,073,503	8,296,030	9,164,829	3,443,432	5,848,044	7,347,179	6,574,427	-772,752	-12%	7,197,517	8,675,608	5,166,873	3,292,555	7,707,982	75,533,144	69,574,793	108.6%	
Debt Service	2,203,158	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	2,203,157	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	6,868,600	5,201,814	-1,666,785	-32%	6,254,937	6,754,195	4,423,977	1,892,946	2,964,894	61,952,989	55,938,024	110.8%	
ISO Energy Sales (estimated)	6,098,942	3,326,733	8,097,456	8,097,927	2,556,565	4,615,068	6,868,600	5,201,814	-1,666,785	-32%	6,254,937	6,754,195	4,423,977	1,892,946	2,964,894	61,952,239	55,938,024		
Other Income	465	122	100	0	0	63	0	0	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)	(\$2,681,737)	(\$3,575,770)	(\$894,033)	25%	(\$3,145,739)	(\$4,124,571)	(\$2,946,055)	(\$3,602,767)	(\$6,946,246)	(\$37,814,893)	(\$40,074,659)	Below budget by 5.64%	



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LEC Treasurer's Report

AGENDA ITEM NO.: 7

Date: March 4, 2015
To: LEC Project Participant Committee
Subject: Treasurer's Report for the Month Ended February 28, 2015

In compliance with Agency 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. This cash balance is invested nightly in a fully collateralized (U.S. Government Securities) repurchase agreement.

Investments - The carrying value of the LEC's investment portfolio totaled \$33,718,537 at month end. The current market value of the portfolio totaled \$34,618,128.

The overall portfolio had a combined weighted average interest rate of .454% with a bond equivalent yield (yield to maturity) of .471%. 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 decreased 1 basis point (from 0.03% to 0.02%) and rates on one year T-Bills increased 5 basis points (from 0.17 % to 0.22%).

To the best of my knowledge and belief, all securities held by LEC as of March 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 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

FEBRUARY 28, 2015

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DETAIL REPORT OF INVESTMENTS	APPENDIX

Northern California Power Agency/Lodi Energy Center
Treasurer's Report
Cash & Investment Balance
February 28, 2015

	CASH	INVESTMENTS	TOTAL	PERCENT	INVESTMENTS at MARKET
MANDATORY FUNDS					
Debt Service Account	-	11,196,352	11,196,352	32.332%	11,196,631
Debt Service Reserve	-	11,784,085	11,784,085	34.029%	11,765,417
O & M Reserve	-	10,667,186	10,667,186	30.804%	10,673,980
	-	33,647,623	33,647,623	97.164%	33,636,028
ADDITIONAL PROJECT FUNDS					
GHG Cash Account	-	70,913	70,913	0.205%	70,913
Transmission Upgrade Escrow	911,187		911,187	2.631%	911,187
Participant Deposit Account	-	1	1	0	-
	\$ 911,187	\$ 33,718,537	\$ 34,629,724	100.000%	\$ 34,618,128

NOTE A -Investment amounts shown at book carrying value.

Northern California Power Agency/Lodi Energy Center

Treasurer's Report

Cash Activity Summary

February 28, 2015

	RECEIPTS			EXPENDITURES			CASH
	OPS/CONSTR	INTEREST	INVESTMENTS	OPS/CONSTR	INVESTMENTS	INTER-COMPANY/ FUND TRANSFERS	INCREASE /
		(NOTE B)	(NOTE A)		(NOTE B)		(DECREASE)
MANDATORY FUNDS							
Debt Service Account	\$ -	\$ 65	\$ -	\$ -	\$ (2,211,561)	\$ 2,211,496	\$ 0
Debt Service Reserve	-	12,183	-	-	(12,183)	-	-
O & M Reserve	-	-	-	-	-	-	-
	-	12,248	-	-	(2,223,744)	2,211,496	0
ADDITIONAL PROJECT FUNDS							
GHG Cash Account	-	-	-	-	-	-	-
Transmission Upgrade Escrow ¹	-	38	-	-	-	-	38
Participant Deposit Account	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL	\$ -	\$ 12,248	\$ -	\$ -	\$ (2,223,744)	\$ 2,211,496	\$ 38

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
February 28, 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	2,211,561	-	199	-	-	2,211,760
Debt Service Reserve	12,183	-	(159)	-	-	12,024
O & M Reserve	-	-	221	-	-	221
	<u>2,223,744</u>	<u>-</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>2,224,005</u>
ADDITIONAL PROJECT FUNDS						
GHG Cash Account		-	-	-		-
Participant Deposit Acct.		-	-	-	-	-
TOTAL	<u>\$ 2,223,744</u>	<u>\$ -</u>	<u>\$ 261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,224,005</u>

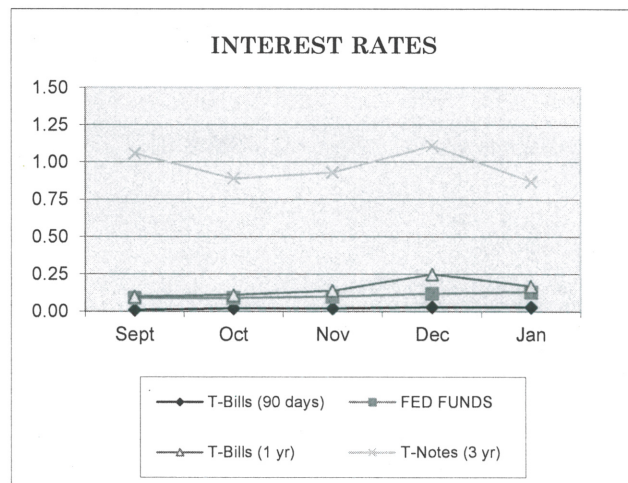
Less Non- Cash Activity	
Disc/(Prem) Amortization & Gain/(Loss) on Sale	(261)
Net Change in Investment --Before Non-Cash Activity	<u>\$ 2,223,744</u>

NOTE A -Investment amounts shown at book carrying value.

**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
INTEREST RATE/YIELD ANALYSIS
February 28, 2015**

	WEIGHTED AVERAGE INTEREST RATE	BOND EQUIVALENT YIELD
OVERALL COMBINED	<u>0.454%</u>	<u>0.471%</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		
	CURRENT	PRIOR YEAR
Fed Fds (Ovrnight)	0.12%	0.09%
T-Bills (90da.)	0.02%	0.03%
Agency Disc (90da.)	0.06%	0.03%
T-Bills (1yr.)	0.22%	0.11%
Agency Disc (1yr.)	0.24%	0.14%
T-Notes (3yr.)	1.01%	0.61%



Northern California Power Agency
Total Portfolio
Investment Maturities Analysis
February 28, 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	\$3,338	\$2,255	\$0	\$0	\$17,340	\$0	\$22,933	68.01%
US Bank Trust Money Market	9,034							9,034	26.79%
Commercial Paper	0							0	0.00%
Investment Trusts (LAIF)	1,752							1,752	5.20%
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	\$10,786	\$3,338	\$2,255	\$0	\$0	\$17,340	\$0	\$33,719	100.00%
Total Percents	31.99%	9.90%	6.69%	0.00%	0.00%	51.43%	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

02/28/2015

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	1,740,134	0.100	07/01/2013	1,740,134		1	0.100	1,740,134	SYS79003	79003	1,740,134
Federal Home Loan Ba	USBT	693,000	0.050	02/27/2015	692,915	05/26/2015	86	0.050	692,938	313384GB9	26201	692,917
Federal Home Loan Ba	USBT	694,000	0.090	11/26/2014	693,684	05/27/2015	87	0.091	693,931	313384GC7	26181	693,849
Federal National Mtg	USBT	1,387,000	0.065	10/28/2014	1,386,459	06/01/2015	92	0.065	1,386,820	313588GH2	26175	1,386,770
Fund Total and Average		\$ 4,514,134	0.080		\$ 4,513,192		55	0.081	\$ 4,513,823			\$ 4,513,670

LEC Issue #1 2010B DS Fund

US Bank Trust	USB	1,497,010	0.100	07/01/2013	1,497,010		1	0.100	1,497,010	SYS79004	79004	1,497,010
Federal Home Loan Ba	USBT	732,000	0.050	02/27/2015	731,911	05/26/2015	86	0.050	731,934	313384GB9	26202	731,913
Fund Total and Average		\$ 2,229,010	0.084		\$ 2,228,921		29	0.084	\$ 2,228,944			\$ 2,228,923

LEC Issue #2 2010A DS Fund

US Bank Trust	USB	1,646,999	0.100	07/01/2013	1,646,999		1	0.100	1,646,999	SYS79011	79011	1,646,999
Federal Home Loan Ba	USBT	434,000	0.049	02/27/2015	433,947	05/26/2015	86	0.050	433,961	313384GB9	26203	433,948
Federal Home Loan Ba	USBT	434,000	0.090	11/26/2014	433,803	05/27/2015	87	0.091	433,957	313384GC7	26182	433,906
Federal National Mtg	USBT	868,000	0.065	10/28/2014	867,661	06/01/2015	92	0.065	867,887	313588GH2	26176	867,856
Fund Total and Average		\$ 3,382,999	0.083		\$ 3,382,410		46	0.084	\$ 3,382,804			\$ 3,382,709

LEC Issue #2 2010B DS Fund

US Bank Trust	USB	720,092	0.100	07/01/2013	720,092		1	0.100	720,092	SYS79012	79012	720,092
Federal Home Loan Ba	USBT	351,000	0.050	02/27/2015	350,957	05/26/2015	86	0.050	350,968	313384GB9	26204	350,958
Fund Total and Average		\$ 1,071,092	0.084		\$ 1,071,049		29	0.084	\$ 1,071,060			\$ 1,071,050
GRAND TOTALS:		\$ 11,197,235	0.082		\$ 11,195,572		45	0.083	\$ 11,196,631.			\$ 11,196,352

*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 02/28/2015



Northern California Power Agency
Treasurer's Report
02/28/2015

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	82,266	0.100	07/01/2013	82,266		1	0.100	82,266	SYS79005	79005	82,266
Federal Home Loan Mt	USB	4,181,000	0.580	05/30/2014	4,183,927	08/26/2016	544	0.548	4,164,945	3134G56B6	26135	4,182,943
Federal National Mtg	USB	4,170,000	0.875	05/30/2014	4,171,960	08/28/2017	911	0.977	4,170,834	3135G0MZ3	26136	4,171,505
Fund Total and Average		\$ 8,433,266	0.721		\$ 8,438,153		720	0.756	\$ 8,418,045			\$ 8,436,714

LEC Iss#1 2010B BABS Subs Resv

US Bank Trust	USB	2,260,938	0.100	07/01/2013	2,260,938		1	0.100	2,260,938	SYS79006	79006	2,260,938
Fund Total and Average		\$ 2,260,938	0.100		\$ 2,260,938		1	0.100	\$ 2,260,938			\$ 2,260,938

LEC Issue #2 2010B DSR BABS

US Bank Trust	USB	1,086,434	0.100	07/01/2013	1,086,434		1	0.100	1,086,434	SYS79013	79013	1,086,434
Fund Total and Average		\$ 1,086,434	0.100		\$ 1,086,434		1	0.100	\$ 1,086,434			\$ 1,086,434
GRAND TOTALS:		\$ 11,780,638	0.545		\$ 11,785,525		516	0.570	\$ 11,765,417.			\$ 11,784,086

*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 02/28/2015

Investment # 26135 - FFLMC - Callable semi-annually.



Northern California Power Agency
Treasurer's Report

02/28/2015

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	463	0.592	2,998,170	3134G46A1	26052	2,998,519
Federal Home Loan Mt	UBOC	2,992,000	0.800	09/23/2014	2,991,102	12/23/2016	663	0.813	2,989,158	3134G5HP3	26162	2,991,277
Federal Farm Credit	UBOC	2,997,000	1.220	09/23/2014	2,998,499	09/18/2017	932	1.202	3,005,541	3133EDV74	26161	2,998,278
Fund Total and Average		\$ 10,670,111	0.748		\$ 10,663,512		578	0.773	\$ 10,673,980			\$ 10,667,185
GRAND TOTALS:		\$ 10,670,111	0.748		\$ 10,663,512		578	0.773	\$ 10,673,980.			\$ 10,667,185

*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 02/28/2015

Investment # 26052 - FHL MC - Callable Quarterly.
Investment # 26161 - FF CB - Callable 9/18/2015, then anytime.
Investment # 26162 - FHL MC -Callable Quarterly.



Northern California Power Agency
Treasurer's Report

02/28/2015

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 02/28/2015



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LEC Financial Reports

AGENDA ITEM NO.: 8

Date: March 5, 2015

Subject: February 28, 2015 Financial Reports (Unaudited)

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

ASSETS	February 28	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 70,913	\$ 65,195
Interest receivable	18,468	13,748
Inventory and supplies - at average cost	1,420,931	1,045,368
Prepaid insurance	-	781,761
Due from (to) Agency, net	19,576,358	21,354,927
TOTAL CURRENT ASSETS	21,086,670	23,260,999
RESTRICTED ASSETS		
Cash and cash equivalents	9,331,187	16,673,386
Investments	25,215,113	16,921,928
Interest receivable	28,514	13,517
TOTAL RESTRICTED ASSETS	34,574,814	33,608,831
ELECTRIC PLANT		
Electric plant in service	423,372,867	423,354,890
Less: accumulated depreciation	(32,867,052)	(18,268,170)
	390,505,815	405,086,720
Construction work-in-progress	24,436	-
TOTAL ELECTRIC PLANT	390,530,251	405,086,720
OTHER ASSETS		
Regulatory assets	15,137,046	13,572,341
TOTAL OTHER ASSETS	15,137,046	13,572,341
TOTAL ASSETS	\$ 461,328,781	\$ 475,528,891

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

February 28

2015

2014

LIABILITIES & NET POSITION

CURRENT LIABILITIES

Accounts and retentions payable	\$ 3,524,190	\$ 8,628,397
Operating reserves	12,624,923	11,263,167
Current portion of long-term debt	9,025,000	8,640,000
Accrued interest payable	4,324,736	4,453,146
TOTAL CURRENT LIABILITIES	29,498,849	32,984,710

NON-CURRENT LIABILITIES

Operating reserves and other deposits	982,012	65,099
Regulatory liability	45,767,842	45,256,401
Long-term debt, net	372,213,923	382,207,242
TOTAL NON-CURRENT LIABILITIES	418,963,777	427,528,742

TOTAL LIABILITIES	448,462,626	460,513,452
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NET POSITION

Invested in capital assets, net of related debt	(9,567,406)	(5,180,372)
Restricted	6,846,665	(1,896,959)
Unrestricted	15,586,896	22,092,770
TOTAL NET POSITION	12,866,155	15,015,439

TOTAL LIABILITIES AND NET POSITION	\$ 461,328,781	\$ 475,528,891
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**NORTHERN CALIFORNIA POWER AGENCY
LODI ENERGY CENTER
STATEMENT OF REVENUES, EXPENSES
& CHANGES IN NET POSITION
UNAUDITED**

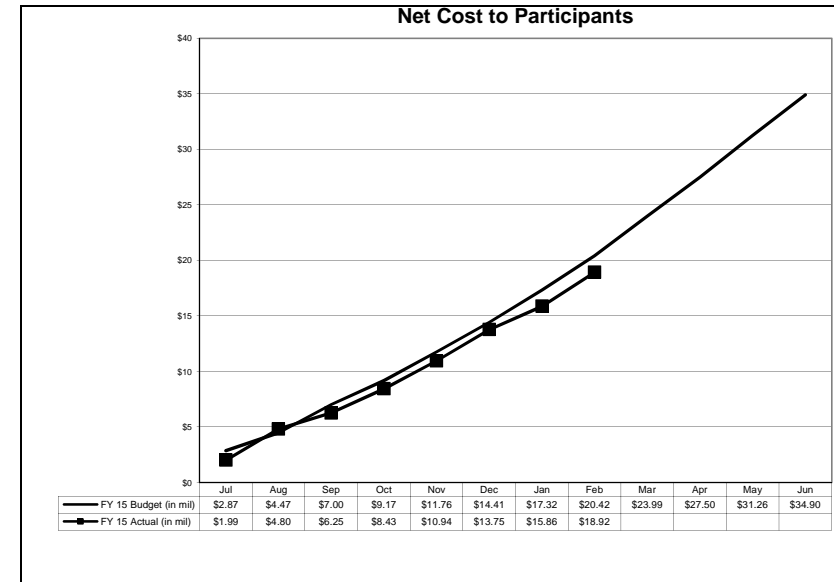
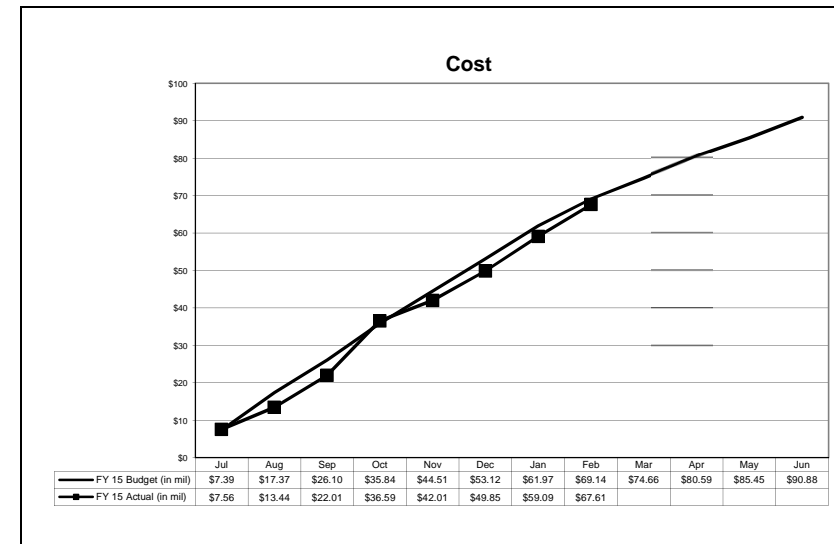
		Eight Months Ended February 28	
		2015	2014
SALES FOR RESALE			
Participants	\$	19,996,070	\$ 24,620,536
Other		48,641,201	46,994,880
TOTAL SALES FOR RESALE		68,637,271	71,615,416
OPERATING EXPENSES			
Operations		37,406,118	34,700,679
Depreciation		9,732,697	9,732,296
Maintenance expenses		4,858,000	5,593,259
Administrative and general		3,224,754	3,780,833
Transmission		4,852,101	882,085
Intercompany (sales) purchases		313,815	307,234
TOTAL OPERATING EXPENSES		60,387,485	54,996,386
NET OPERATING REVENUES		8,249,786	16,619,030
OTHER REVENUES (EXPENSES)			
Interest expense		(10,979,233)	(10,622,983)
Interest income		116,201	65,770
Other		2,821,844	1,439,992
TOTAL OTHER REVENUES (EXPENSES)		(8,041,188)	(9,117,221)
FUTURE RECOVERABLE AMOUNTS		2,518,898	3,220,230
REFUNDS TO PARTICIPANTS		530,871	(1,185,594)
INCREASE IN NET POSITION		3,258,367	9,536,445
NET POSITION			
Beginning of year		9,607,788	5,478,994
End of period	\$	12,866,155	\$ 15,015,439

**Lodi Energy Center
FY 2015 Operating Costs
As of February 28, 2015**

	Annual Budget	Actual	Remaining	YTD % Remaining	Notes
Routine O&M Costs					
Variable	\$ 3,651,332	\$ 2,855,200	\$ 796,132	22%	A B
Fixed	1,765,358	1,400,038	365,320	21%	
Administration	1,250,914	810,825	440,089	35%	
Mandatory Costs	220,000	73,430	146,570	67%	
Inventory Stock	400,000	249,574	150,426	38%	
Routine O&M Costs without Labor	7,287,604	5,389,067	1,898,537	26%	
Labor	4,299,182	2,654,666	1,644,516	38%	
Total Routine O&M Cost	11,586,786	8,043,733	3,543,053	31%	
Other Costs					C D
Fuel	41,167,130	33,370,436	7,796,694	19%	
CA ISO Charges	489,050	4,852,101	(4,363,051)	-892%	
Debt Service	26,437,890	17,625,265	8,812,625	33%	
Insurance	1,000,425	537,319	463,106	46%	
Other Costs	51,781	27,295	24,486	47%	
Generation Services Shared	437,453	174,345	263,108	60%	
Administrative & General (Allocated)	1,728,654	947,768	780,886	45%	
Power Management Allocated Costs	1,187,916	791,944	395,972	33%	
Total O&M Cost	84,087,085	66,370,206	17,716,879	21%	
Projects					
Operations & Maintenance	332,500	8,512	323,988	97%	
Capital	4,658,760	29,524	4,629,236	99%	
Maintenance Reserve	1,800,000	1,200,000	600,000	33%	
Total Projects	6,791,260	1,238,036	5,553,224	82%	
Annual Cost	90,878,345	67,608,242	23,270,103	26%	
Less: Third Party Revenue					
Interest Income	44,489	48,548	(4,059)	-9%	
ISO Energy Sales	54,517,593	47,258,714	7,258,879	13%	
Ancillary Services Sales	1,420,431	1,382,487	37,944	3%	
Other Income	-	750	(750)	N/A	
	55,982,513	48,690,499	7,292,014	13%	
Net Annual Cost to Participants	\$ 34,895,832	\$ 18,917,743	\$ 15,978,089	46%	
Total Variable Costs	45,307,512	36,108,222	9,199,290		
Total Fixed Costs	45,570,833	31,500,020	14,070,813		
	<u>\$ 90,878,345</u>	<u>\$ 67,608,242</u>	<u>\$ 23,270,103</u>		
Net Cumulative Generation (MWh)	1,207,542	1,069,616			
Total O&M Cost Per MWh	\$ 69.63	\$ 62.05			
Net Annual Cost Per MWh	\$ 28.90	\$ 17.69			

Footnotes:

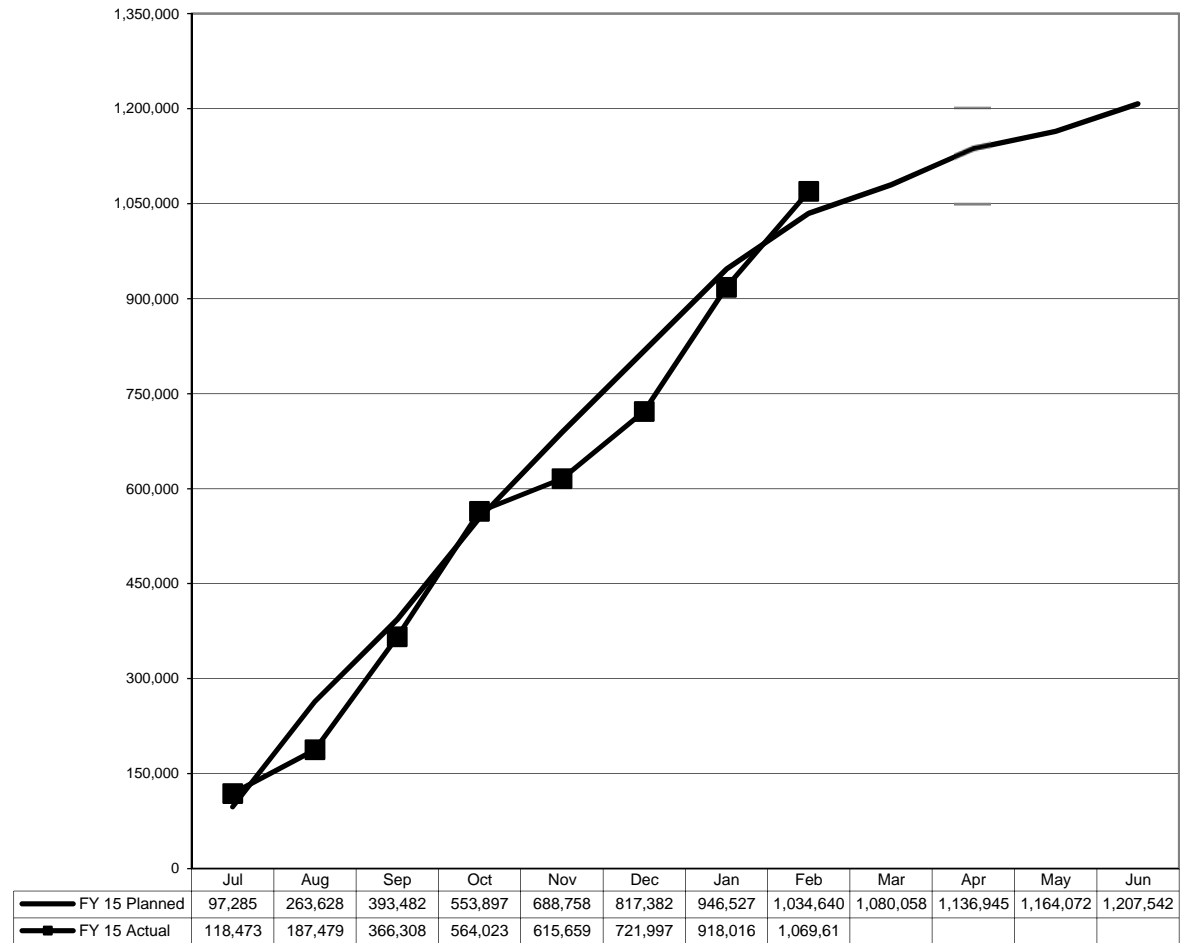
- A** - Higher variable maintenance costs due to higher year to date generation.
B - Higher costs due to repairs to boilers and turbines.
C - Actual gas costs per mmBtu were higher than budgeted for October and November and higher generation in January and February.
D - Costs are higher than expected 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)

	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	782,299	823,296	823,296
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	138,916	0	138,916
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	898,324	898,674	898,674
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										
	Actual	Estimated					Compliance Year 2015	Cumulative Totals		
IDENTIFIER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	Total	Total	Charge Code	Source
Energy (MWh)	196,019	96,207	103,992	103,992	63,952	83,416	647,579	3,171,329		Forecast/Meter
Gas Schedule (MMBtu)	1,368,474	673,447	727,946	727,946	447,667	583,914	4,529,395	22,359,688		Forecast/Meter
Emissions Factor (MT/MMBtu)	0.054	0.054	0.054	0.054	0.054	0.054				MARS
Monthly MT Emissions (MT)	73,850	36,343	39,284	39,284	24,158	31,511	244,429	1,206,641		derived
Cumulative MT Obligation (MT)	897,145	933,488	972,772	1,012,055	1,036,214	1,067,725	1,067,725	2,353,140		derived
Compliance Instrument Participant Transfers (to LEC)										
Auction Allowances	41,342	29,488	0	0	0	0	70,830	1,061,420		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)	41,342	29,488	0	0	0	0	70,830	1,061,420		
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	138,916		CITSS
Total Monthly Activity (MT)	41,342	29,488	0	0	0	0	70,830	1,108,420		derived
Cumulative MT Account Balance [MTA] (MT)	940,016	969,504	969,504	969,504	969,504	969,504	969,504	969,504		derived
MTA Shortfall (MT)	(42,871)	(36,016)	3,268	42,551	66,710	98,221	98,221	1,383,636	MTA SHORTFALL	derived

NCPA All Resources Bill LEC GHG Obligation Detail Report (Cumulative) March 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)	30,968	73,371	2,978	372,415	21,837	18,263	105,610	22,631	119,110	8,735	29,659	286,260	19,851	1,111,688		derived
Current MT Compliance Instrument Account (MTA) Balance (MT)	28,000	82,200	2,978	385,000	21,837	18,263	105,610	24,200	128,000	8,735	29,787	286,260	19,851	1,140,721		derived
MTA Shortfall (MT)	2,968	(8,829)	0	(12,585)	(0)	(0)	0	(1,570)	(8,890)	(0)	(128)	(0)	0	(29,034)	MTA SHORTFALL	Derived
Monthly GHG Price \$/MT	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	MTA SHORTFALL	ICE Index
GHG Minimum Cash Compliance Obligation (\$)	37,668	0	3	0	0	0	4	0	0	0	0	0	5	37,680	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.: 10

Date: March 9, 2015
To: Lodi Energy Center Project Participant Committee
Subject: Brenntag Pacific, Inc. - Multi-Task General Services Agreement for Purchase of Equipment, Materials and Supplies for Chemical Purchases; Applicable to the following projects: All Generation Services Plant Locations

Proposal

Approve a five (5) year Multi-Task Agreement for the Purchase of Equipment, Materials and Supplies with Brenntag Pacific, Inc. in an amount not-to-exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for chemical purchases as needed at all NCPA locations and further approve General Manager authorization for issuance of purchase orders for any amount as needed pursuant to the contract.

Background

Chemicals are needed at various NCPA locations for the operation of the plants. Brenntag Pacific, Inc. is a supplier of chemicals. NCPA currently has in place with Brenntag a three year enabling agreement which will expire on March 13, 2015.

Selection Process

This five year contract does not commit NCPA to any purchases. In addition to Brenntag Pacific, Inc., NCPA currently has entered into three other enabling agreements with suppliers for similar chemical purchases. NCPA will issue purchase orders based on cost and availability of the product(s) needed at the time of order. Chemicals are ordered on a daily, weekly, and monthly basis. The decision as to which supplier to use to provide these chemicals will be based on the supplier with the lowest cost who can meet the needed delivery schedule at the time of order.

Fiscal Impact

Total cost of the agreement is not-to-exceed \$1,500,000 over five years 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. The annual cost of these chemicals exceeds the General Manager's authority of \$250,000. It is recommended that the General Manager be authorized to approve the issuance of purchase orders in any amount as needed pursuant to this contract.

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 Agreement for Purchase of Equipment, Materials and Supplies with Brenntag Pacific, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,500,000 over five years, and further approving General Manager authorization for issuance of purchase orders for any amount as needed pursuant to the contract.

Prepared by:

/s/

KEN SPEER
Assistant General Manager
Generation Services

Attachments (2)

- Resolution
- Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Brenntag Pacific, Inc.



**MULTI-TASK
AGREEMENT FOR PURCHASE OF
EQUIPMENT, MATERIALS AND SUPPLIES
BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
BRENNTAG PACIFIC, INC.**

This Agreement for Purchase of Equipment, Materials and Supplies ("Agreement") is entered into on _____, 201_ (the "Effective Date") between the NORTHERN CALIFORNIA POWER AGENCY, ("Agency"), a public joint powers agency, with offices located at 651 Commerce Drive, Roseville, CA, 95678-6420 and Brenntag Pacific, Inc., ("Supplier"), whose principal office is located at 10747 Patterson Place, Santa Fe Springs, CA 90670 (together sometimes referred to as the "Parties").

Section 1. SCOPE. In accordance with the terms and conditions set forth in this Agreement, Supplier will use reasonable commercial efforts to deliver the equipment, materials and supplies ("Goods") described in Exhibit A, attached hereto and incorporated herein to Agency's Project Site, DDP, on or before the Agency's requested delivery date. Supplier shall be responsible at its sole expense for delivering the Goods to Agency's Project Site and title and risk of loss shall pass as provided in Section 8.3 of this Agreement. In the event of a conflict or inconsistency between the terms of this Agreement and any Exhibit, this Agreement shall prevail.

Section 2. TERM AND TERMINATION OF AGREEMENT.

- 2.1 This Agreement shall begin upon the Effective Date and shall end on the later of five (5) years after the Effective Date or when Supplier has provided to Agency the Goods described in Exhibit A pursuant to a Purchase Order issued within five (5) years of the Effective Date.
- 2.2 If at any time either Party files a petition seeking to take the benefit of any bankruptcy or insolvency proceeding, or becomes subject to such a proceeding, the other Party shall have the right, by written notice, to immediately terminate this Agreement.
- 2.3 Either Party may terminate this Agreement upon one hundred and eighty (180) calendar days prior written notice to the other Party.

Section 3. REQUEST FOR GOODS. At such time that Agency determines to request Supplier provide Goods under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Goods to be provided ("Requested Goods"), may include a not-to-exceed cap or monetary cap on the Requested Goods and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Goods are requested to be delivered. All Purchase Orders are subject to acceptance by Supplier; provided, however, that Supplier is deemed to have accepted a Purchase Order and agreed to supply the Goods thereunder unless, within five (5) days of the date of the Purchase Order, Supplier provides written notice to Agency of Supplier's rejection of the Purchase Order.

Section 4. Any claim for shortage in quantity of the Goods that was reasonably discoverable upon visual inspection shall be deemed to be waived by Agency unless made in writing within thirty (30) days from the date of delivery; provided, however, that this Section 4 shall not be deemed to waive any other claims regarding a defect in the quality or identity of the Goods, which claims shall be governed by Section 7 (Warranty) of this Agreement. No action, regardless of form, arising out of the sale or delivery of Goods hereunder, may be commenced by Agency more than one year after the occurrence of the event giving rise to such cause of action.

Section 5. COMPENSATION. Agency hereby agrees to pay Supplier for the Goods an amount not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) as total compensation under this Agreement, which includes all shipping, taxes (if applicable), insurance, delivery charges, and any other fees, costs or charges.

- 5.1 **Invoices.** Supplier shall have one hundred twenty (120) days to issue an invoice after the delivery of Goods to Agency for all amounts due and outstanding under this Agreement. Supplier shall include the number of the Purchase Order which authorized the Goods for which Supplier is seeking payment. In the event Supplier fails to invoice Agency for all amounts due within such one hundred twenty (120) day period, Supplier waives its right to collect payment from Agency for such amounts. All invoices shall be submitted to:

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

- 5.2 **Payment.** Agency shall pay all invoices within thirty (30) days of the receipt of any invoice for Goods satisfactorily received.
- 5.3 **Financial Responsibility.** If, in the judgment of Supplier, the financial responsibility of Agency shall at any time become impaired, Supplier may suspend credit, cancel any unfilled orders, and/or decline to make further deliveries under this Agreement except upon receipt, before shipment, of payment in cash or satisfactory security for such payment.
- 5.4 **Timing for Submittal of Final Invoice.** Supplier shall have one hundred twenty (120) days to issue a final invoice after delivery of all of the Requested Goods. In the event Supplier fails to submit a final invoice to Agency for any amounts due within the one hundred twenty (120) day period, Supplier is deemed to have waived its right to collect its final payment for the Requested Goods from Agency.

Section 6. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Supplier, at its own cost and expense, shall procure the types and amounts of insurance listed below for the period covered by the Agreement.

- 6.1 **Workers' Compensation.** If Supplier employs any person, Supplier shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any

and all persons employed directly or indirectly by Supplier with limits of not less than one million dollars (\$1,000,000.00) per accident.

- 6.2 **Automobile Liability.** Supplier shall maintain automobile liability insurance 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, whether or not owned by the Supplier, on or off Agency premises. The policy shall provide a minimum limit of \$3,000,000 per each accident, with \$5,000,000 aggregate. This insurance shall provide contractual liability covering all motor vehicles utilized in the transport of the Goods to the Agency's Project Site.
- 6.3 **Commercial General Liability (CGL).** Supplier shall maintain commercial general liability coverage covering Goods, including product liability, covering any loss or liability, including the cost of defense of any action, for bodily injury, death, personal injury, sudden and accidental release, and broad form property damage which may arise out of the operations of Supplier in regard to this Agreement with not less than \$1,000,000/\$2,000,000 aggregate for bodily injury and property damage, on an occurrence basis. No endorsement shall be attached limiting the coverage required hereunder.
- 6.4 **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.
- 6.5 **All Policies Requirements.**
- 6.5.1 **Verification of Coverage.** Prior to beginning any work under this Agreement, Supplier shall, at the sole option of the Agency, provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the automobile liability policy and the CGL policy including the Northern California Power Agency as an Additional Insured and declaring such insurance primary to the extent of Supplier's indemnification obligations in regard to work performed pursuant to this Agreement and that Agency's insurance is excess and non-contributing.
- 6.5.2 **Notice of Reduction in or Cancellation of Coverage.** With regard to any insurance policies required under this Agreement, Supplier shall provide at least thirty (30) days' prior written notice to Agency by certified mail of (1) any impending cancellation where such policies will not be replaced with like coverage or (2) material reductions in the limits of coverage of any such policies; provided, however, that if Supplier fails to provide such notice and fails to remedy such failure within thirty (30) days following receipt of written notice thereof from Agency, Agency shall then, and only then, be entitled to terminate this Agreement for such failure.

- 6.5.3 **Waiver of Subrogation.** Supplier agrees to waive subrogation which any insurer of Supplier may acquire from Supplier by virtue of the payment of any loss. Supplier agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

Section 7. WARRANTY. Upon delivery, Supplier warrants that all Goods are free from defects in design and workmanship; comply with applicable federal, state and local laws and regulations; are new, of good quality and workmanship, and free from defects; are not subject to any liens or encumbrances; and meet the specifications of Agency, and if none, then the manufacturer's specifications.. Supplier shall provide all Goods in accordance with all applicable engineering, construction and other applicable codes and standards, in accordance with prudent electrical utility standards, and in accordance with the terms of this Agreement applicable to such Goods, all within industry standards expected from purveyors engaged in the practice of providing materials and supplies of a similar nature. THIS WARRANTY IS LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE. Moreover, if, during the period of (i) twelve (12) months from delivery, or (ii) the shelf life of the Goods, if stated in writing to be less than twelve (12) months, the Goods provided by Supplier under this Agreement fail to comply with this Section 7, Supplier shall, upon any reasonable written notice from Agency and provided that (i) Agency's account with Supplier is current and in good standing, as provided under Section 5.2 of this Agreement (ii) Agency has properly stored the Goods in accordance with Supplier's or manufacturer's written instructions, (iii) provided Supplier a sample for testing and (iv) subject to Section 4, replace or repair the same.

Section 8. INDEMNIFICATION AND SUPPLIER'S RESPONSIBILITIES.

- 8.1 **Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Supplier 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, Supplier acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 8.2 **Scope.** Subject to the limitations of liability set forth elsewhere herein, Supplier 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 reasonable costs and fees of litigation), judgments and causes of action of every nature to the extent directly and proximately caused by: (i) any negligent acts or omissions or willful misconduct by Supplier, its officers, officials, agents, and employees, (ii) Supplier's violation of law, or (iii) Supplier's breach of this Agreement.

- 8.3 **Transfer of Title and Risk of Loss.** Supplier shall be deemed to be in exclusive possession and control of the Goods and shall be responsible for any damages or injury caused thereby, including without limitation any spills, leaks, discharges or releases of any Goods, until Agency accepts delivery at its Site. For the purposes of this Agreement, such acceptance shall occur after Supplier or its agents complete transfer of the Goods into appropriate containers, machinery, storage tanks or other storage apparatus identified by Agency. In the event a spill, leak, discharge or release directly and proximately caused by Supplier requires notification to a federal, state or local regulatory agency, Supplier shall be responsible for all such notifications. Should Agency be required to remedy or remove Goods as a result of a leak, spill, release or discharge of Goods into the environment at Agency's Site, Supplier agrees to remediate, remove or cleanup Agency's Site to the extent the leak, spill or release was directly and proximately caused by Supplier to the standard required by the appropriate regulatory authority.

Section 9. Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY EXEMPLARY, PUNITIVE, INDIRECT, TREBLE, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES.

Section 10. Force Majeure.

- 10.1 If a Force Majeure Event prevents either Party from performing any obligation under this Agreement (other than a failure to pay any monies due), that inability to perform will not constitute breach, and the schedule for performance will be extended, if the Party asserting the Force Majeure Event ("Asserting Party") (1) uses reasonable efforts to perform its obligations short of suffering an economic loss, and (2) complies with its obligations under Section 10.4.
- 10.2 If a Force Majeure Event causes a shortage of supply of Goods, Supplier may allocate its inventory between Agency and Supplier's other customers in a fair and reasonable manner, and such allocation will not constitute breach, and the schedule for performance will be extended, if Supplier, as the Asserting Party (1) uses reasonable efforts to perform its obligations short of suffering an economic loss, and (2) complies with its obligations under Section 10.4. Agency waives any right to assert a claim against Supplier in respect of such allocation.
- 10.3 For purposes of this agreement, "Force Majeure Event" means, with respect to the Asserting Party, any event or circumstance that (1) was not caused by the Asserting Party, (2) could not have been reasonably foreseen by the Asserting Party, and (3) is beyond the Asserting Party's reasonable control. A Force Majeure Event may include, but is not limited to, a fire, flood, act of God, armed conflict, acts or threats of terrorism, riot, embargo, fuel or energy shortage, car shortage, wrecks or delays in transportation, epidemics, strikes or other labor disturbances, or, with

regard to Supplier's suppliers, claims of force majeure, allocations of product, work stoppages or slow-downs, or plant closures that could not be reasonably foreseen by Supplier, or acts or omissions of any governmental authority or of the Agency or Agency's contractors or suppliers.

- 10.4 If a Force Majeure Event occurs, the Asserting Party shall promptly, after it becomes aware of the occurrence of the event, and in any event no more than five (5) days after the Asserting Party becomes aware of such occurrence, notify the other Party of the occurrence of that Force Majeure Event, its effect on performance, and how long the Asserting Party expects it to last. Thereafter the Asserting Party shall update that information as reasonably necessary. During a Force Majeure Event, the Asserting Party shall use reasonable efforts short of suffering an economic loss to resume its performance under this Agreement.

Section 11. MISCELLANEOUS PROVISIONS.

- 11.1 **Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Supplier and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein. No provision of any Purchase Order or other document issued by either Party will alter or add to the terms of this Agreement, and any such provision or modification will be void and of no effect. No modification of this Agreement by either Party will be binding unless it is in writing and is signed by an authorized representative of both Parties, and no modification of this Agreement shall be effected by the Parties' course of dealing, usage, or trade custom.
- 11.2 **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.
- 11.3 **Compliance with Applicable Law.** Both Parties shall comply with all applicable federal, state, and local laws, rules and regulations in regard to this Agreement and the Goods supplied hereunder.
- 11.4 **Construction of Agreement.** The Parties agree that the usual construction of an agreement against the drafting party shall not apply here.
- 11.5 **Supplier's Status.** Supplier is an independent contractor and not an employee or agent of NCPA.
- 11.6 **Non-assignment.** Supplier may not assign this Agreement without the prior written consent of NCPA, which shall not be unreasonably withheld, conditioned or delayed. Agency may not assign this Agreement without Supplier's prior credit approval, which approval shall not be unreasonably withheld, conditioned or delayed.

- 11.7 **Governing Law.** This Agreement and all matters pertaining to it, shall be governed by the laws of the State of California and venue shall lie in the State and/or Federal courts located in Placer County or in the county to which the Goods are delivered.
- 11.8 **Affidavit of Compliance for Contractors.** Consistent with the Conditions of Certification issued by the California Energy Commission, Supplier shall, upon the request of Agency, execute and provide to Agency Exhibit B hereto for any employees, agents or other representatives of Supplier who will be present on site at NCPA's Lodi Energy Center, Lodi, California. During the term of this Agreement, Supplier shall keep current the Certificate, a copy of which is attached hereto as Exhibit B and incorporated herein by reference.
- 11.9 **Affidavit of Compliance for Hazardous Materials Transport Vendors.** Consistent with the Conditions of Certification issued by the California Energy Commission, Supplier shall, upon the request of Agency, execute and provide to Agency Exhibit C hereto for any employees, agents or other representatives of Supplier who will be present on site at NCPA's Lodi Energy Center, Lodi, California. During the term of this Agreement, Supplier shall keep current the Certificate, a copy of which is attached here to as Exhibit C and incorporated herein by reference.
- 11.10 **Notice.** Any notices required or given in connection with this Agreement shall be sent or delivered in writing and shall be deemed delivered (i) upon receipt when delivered by fax (with confirmation of receipt), (ii) three (3) business days after being deposited by registered mail or certified mail (return receipt requested), or (iii) one (1) day after deposit with a nationally recognized carrier for overnight delivery. Notices shall be sent to the addresses specified below, which the Parties agree to promptly update as necessary.

Any written notice to Supplier shall be sent to:

Brenntag Pacific, Inc.
10747 Patterson Place
Santa Fe Springs, CA 90670

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

- 11.11 **Waiver.** The waiver by either Party of any of its rights under this Agreement shall not be construed as constituting a precedent, and shall not in any way affect, limit or prevent such Party's right thereafter to enforce and compel strict compliance with each and every term or condition contained herein.
- 11.12 **United Nations Convention on Contracts.** Agency and Supplier expressly agree that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

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

NORTHERN CALIFORNIA POWER AGENCY

BRENNTAG PACIFIC, INC.

Date: _____

Date: _____

RANDY S. HOWARD, General Manager

KOSTA SKORTIS, District Manager

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel

2398688.9

EXHIBIT A PURCHASE LIST

Supplier deliveries shall be made by a vehicle suitably constructed to contain chemicals meeting Agency's product specifications.

All delivery vehicles shall be labeled and constructed to meet all requirements of the California State Highway Patrol, the Interstate Commerce Commission and any and all jurisdictions having control over said delivery truck operations.

Chemicals currently used at NCPA facilities include (but are not limited to):

Chemical	Pricing
Lime 90%	\$ 230.00 / ton
Mag Ox 36%	\$ 604.00 / ton
Sulfuric Acid 93%	\$ 0.103 / lb
Sodium Hypochlorite 12.5% (Bleach)	\$ 0.075 / lb
Magnesium Sulfate 30%	
Sodium Bisulfite 12% (Nalco PC7408)	
Phosphoric Acid 70% (Nalco PC 185)	
Aqua Ammonia	\$ 0.49 / lb
Sodium Hydroxide 15%	

NCPA acknowledges that Supplier's chemical pricing may be subject to change every six to twelve (6 - 12) months. NCPA shall compensate Supplier in accordance with such price list revisions, provided, however, that (1) Supplier shall provide NCPA with written notice of such bi-annual revisions thirty (30) days in advance; and (2) regardless of such price list revisions, total compensation for all tasks, including all chemicals delivered under this Agreement, shall not exceed the amount set forth in Section 5 (Compensation) of this Agreement.

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

EXHIBIT B
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 Brenntag Pacific, Inc.

(Company name)

for contract work at _____

(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.

EXHIBIT C
CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I, _____

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172.880 and has conducted employee background investigations in conformity with 49 CFR 172, subparts A and B, Brenntag Pacific, Inc.

(Company name)

for hazardous materials delivery to _____

(Project name and location)

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.



Lodi Energy Center Project Participant Committee

Staff Report

AGENDA ITEM NO.: 11

Date: March 9, 2015
To: Lodi Energy Center Project Participant Committee
Subject: Sierra Chemical Company – Five Year Multi-Task Agreement for Purchase of Equipment, Materials and Supplies for Chemical Purchases; Applicable to the following projects: All Generation Services Plant Locations

Proposal

Approve a five (5) year Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Sierra Chemical Company in an amount not-to-exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for chemical purchases as needed at all NCPA plant locations and further approve General Manager authorization for issuance of purchase orders for any amount as needed pursuant to the contract.

Background

Chemicals are needed at various NCPA locations for the operation of the plants. Sierra Chemical Company is a supplier of chemicals. NCPA currently has in place with Sierra Chemical a three year enabling agreement which will expire on April 12, 2015.

Selection Process

This five year enabling agreement does not commit NCPA to any purchases. In addition to this agreement with Sierra Chemical Company, NCPA currently has three other enabling agreements with suppliers for similar chemical purchases. Chemicals are ordered on a daily, weekly, and monthly basis. The decision as to which supplier to use to provide these chemicals will be based on the supplier with the lowest cost who can meet the needed delivery schedule at the time of order.

Fiscal Impact

Total cost of the agreement is not-to-exceed \$1,500,000 over five years 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. The annual cost of these chemicals exceeds the General Manager's authority of \$250,000. It is recommended that the General Manager be authorized to approve the issuance of purchase orders in any amount as needed pursuant to this contract.

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 Agreement for Purchase of Equipment, Materials and Supplies with Sierra Chemical Company, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,500,000 over five years, and further approving General Manager authorization for issuance of purchase orders for any amount as needed pursuant to the contract.

Prepared by:

/s/

KEN SPEER
Assistant General Manager
Generation Services

Attachments (2)

- Resolution
- Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Sierra Chemical Company



**MULTI-TASK
AGREEMENT FOR PURCHASE OF
EQUIPMENT, MATERIALS AND SUPPLIES
BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
SIERRA CHEMICAL COMPANY**

This Agreement for Purchase of Equipment, Materials and Supplies ("Agreement") is entered into on _____, 201_ (the "Effective Date") between the NORTHERN CALIFORNIA POWER AGENCY, ("Agency"), a public joint powers agency, with offices located at 651 Commerce Drive, Roseville, CA, 95678-6420 and Sierra Chemical Company ("Supplier"), whose principal office is located at 2302 Larkin Circle, Sparks, NV 89431 (together sometimes referred to as the "Parties").

Section 1. SCOPE. In accordance with the terms and conditions set forth in this Agreement, Supplier is willing to deliver the equipment, materials and supplies ("Goods") described in Exhibit A, attached hereto and incorporated herein to Agency's Project Site, DDP, when requested by the Agency. Supplier shall be responsible at its sole expense for delivering the Goods to Agency's Project Site and title shall not pass until Agency accepts delivery at this Site as provided in Section 7.3. In the event of a conflict or inconsistency between the terms of this Agreement and Exhibit A, this Agreement shall prevail.

Section 2. TERM OF AGREEMENT. This Agreement shall begin upon Effective Date and shall end on the earlier of five (5) years after the Effective Date or the date on which the total compensation paid for Goods under this Agreement reaches \$1,500,000.00 as described in Section 4 (Compensation) below. In the event that termination of this Agreement occurs because the limit described in Section 4 is reached, Agency and Supplier may negotiate a new Agreement.

Section 3. REQUEST FOR GOODS. At such time that Agency determines to have Supplier provide Goods under this Agreement, Agency shall issue a Purchase Order. The Purchase Order shall identify the specific Goods to be provided ("Requested Goods"), may include a not-to-exceed cap or monetary cap on the Requested Goods and all related expenditures authorized by that Purchase Order, and shall include a time by which the Requested Goods shall be delivered.

All Purchase Orders are subject to acceptance by Supplier; provided, however, that Supplier is deemed to have accepted a Purchase Order and agreed to supply the Goods thereunder unless, within five (5) days of the date of the Purchase Order, Supplier provides written notice to Agency of Supplier's rejection of the Purchase Order.

Section 4. COMPENSATION. Agency hereby agrees to pay Supplier for the Goods an amount not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) as total compensation under this Agreement, which includes all shipping, taxes (if applicable), insurance, delivery charges, and any other fees, costs or charges.

4.1 Invoices. Supplier shall have ninety (90) days after the delivery of Goods to invoice Agency for all amounts due and outstanding under this Agreement. Supplier shall include the number of the Purchase Order which authorized the Goods for which Supplier is seeking payment. In the event Supplier fails to invoice Agency for all amounts due within

such ninety (90) day period, Supplier waives its right to collect payment from Agency for such amounts. All invoices shall be submitted to:

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

- 4.2 **Payment.** Agency shall pay all invoices within thirty (30) days of the receipt of any invoice for Goods satisfactorily received.
- 4.3 **Timing for Submittal of Final Invoice.** Supplier shall have ninety (90) days after delivery of the Requested Goods to submit its final invoice for the Requested Goods. In the event Supplier fails to submit an invoice to Agency for any amounts due within the ninety (90) day period, Supplier is deemed to have waived its right to collect its final payment for the Requested Goods from Agency.

Section 5. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Supplier, at its own cost and expense, shall procure the types and amounts of insurance listed below for the period covered by the Agreement.

- 5.1 **Workers' Compensation.** If Supplier employs any person, Supplier shall maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Supplier with limits of not less than one million dollars (\$1,000,000.00) per accident.
- 5.2 **Automobile Liability.** Supplier shall maintain automobile liability insurance 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, whether or not owned by the Supplier, on or off Agency premises. The policy shall provide a minimum limit of \$2,000,000 per each accident, with \$3,000,000 aggregate. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment utilized in the transport of the Goods to the Agency's Project Site.
- 5.3 **Commercial General Liability (CGL).** Supplier shall maintain commercial general liability coverage covering Goods, including product 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 Supplier in regard to this Agreement with not less than \$1,000,000/\$2,000,000 aggregate for bodily injury and property damage, on an occurrence basis. No endorsement shall be attached limiting the coverage.
- 5.4 **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.

- 5.5 **Supplier's Pollution and Professional Liability Insurance.** Supplier shall maintain Supplier's Pollution and Professional Liability insurance for licensed professionals performing work in connection with this Agreement in an amount not less than Three Million Dollars (\$3,000,000) covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000) per claim.
- 5.6 **All Policies Requirements.**
- 5.6.1 **Verification of Coverage.** Prior to beginning any work under this Agreement, Supplier shall, at the sole option of the Agency, provide Agency with (1) a Certificate of Insurance that demonstrates compliance with all applicable insurance provisions contained herein and (2) policy endorsements to the automobile liability policy and the CGL policy adding the Northern California Power Agency as an Additional Insured and declaring such insurance primary in regard to work performed pursuant to this Agreement and that Agency's insurance is excess and non-contributing.
- 5.6.2 **Notice of Reduction in or Cancellation of Coverage.** Supplier agrees to provide at least thirty (30) days prior written notice of any cancellation or reduction in scope or amount of the insurance required under this Agreement.
- 5.6.3 **Waiver of Subrogation.** Supplier agrees to waive subrogation which any insurer of Supplier may acquire from Supplier by virtue of the payment of any loss. Supplier agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.
- 5.6.4 **Self-Insured Retention.** Supplier shall declare the amount of the self-insured retention to the Agency; the amount shall be not more than \$100,000.

Section 6. WARRANTY. In addition to any and all warranties provided or implied by law or public policy, or any other warranties provided by Supplier, Supplier warrants that all Goods are free from defects in design and workmanship; comply with applicable federal, state and local laws and regulations; are new, of good quality and workmanship, and free from defects; are suitably safe and sufficient for the purpose for which they are normally used; and are not subject to any liens or encumbrances. Supplier shall provide all Goods in accordance with all applicable engineering, construction and other codes and standards, in accordance with prudent electrical utility standards, and in accordance with the terms of this Agreement applicable to such Goods, all with the degree of high quality and workmanship expected from purveyors engaged in the practice of providing materials and supplies of a similar nature. Moreover, if, during the term of this Agreement (or during the one (1) year period following the term hereof, unless Supplier's warranty is for greater than one (1) year, in which case Supplier's warranty shall be applied), the Goods provided by Supplier under this Agreement fail due to defects in material and/or workmanship or other breach of this Agreement, Supplier shall, upon any reasonable written notice from Agency, replace or repair the same to Agency's commercially reasonable satisfaction.

Section 7. INDEMNIFICATION AND SUPPLIER'S RESPONSIBILITIES.

- 7.1 **Effect of Insurance.** Agency's acceptance of insurance certificates and endorsements required under this Agreement does not relieve Supplier 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, Supplier acknowledges and agrees to the provisions of this section and that it is a material element of consideration.
- 7.2 **Scope.** Supplier shall indemnify, defend, 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, out-of-pocket costs (including without limitation reasonable costs and fees of litigation), judgments and causes of action of every nature arising out of or in connection with any acts or omissions by Supplier, its officers, officials, agents, and employees, except as caused by the sole or gross 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.
- 7.3 **Transfer of Title.** Supplier shall be deemed to be in exclusive possession and control of the Goods and shall be responsible for any damages or injury caused thereby, including without limitation any spills, leaks, discharges or releases of any Goods, until Agency accepts delivery at its Site. For the purposes of this Agreement, such acceptance shall occur after Supplier or its agents complete transfer of the Goods into appropriate containers, machinery, storage tanks or other storage apparatus identified by NCPA. In the event a spill, leak, discharge or release up to the point of transfer requires notification to a federal, state or local regulatory agency, Supplier shall be responsible for all such notifications. Should Supplier be required to remedy or remove Goods as a result of a leak, spill, release or discharge of Goods into the environment at Agency's Site or elsewhere, Supplier agrees to remediate, remove or cleanup Agency's Site to a level sufficient to receive a "No Further Action Required" or "Closure Letter" from the appropriate regulatory authority.

Section 8. MISCELLANEOUS PROVISIONS.

- 8.1 **Integration; Incorporation.** This Agreement, including all the exhibits attached hereto, represents the entire and integrated agreement between Agency and Supplier and supersedes all prior negotiations, representations, or agreements, either written or oral. All exhibits attached hereto are incorporated by reference herein.
- 8.2 **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.

- 8.3 **Compliance with Applicable Law.** Supplier and Agency shall comply with all applicable federal, state, and local laws, rules and regulations in regard to this Agreement and the Goods supplied hereunder.
- 8.4 **Construction of Agreement.** The Parties agree that the usual construction of an agreement against the drafting party shall not apply here.
- 8.5 **Supplier's Status.** Supplier is an independent contractor and not an employee or agent of NCPA, nor is NCPA an employee or agent of Supplier.
- 8.6 **Non-assignment.** Neither Supplier nor Agency may assign this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld.
- 8.7 **Governing Law.** This Agreement and all matters pertaining to it, shall be governed by the laws of the State of California and venue shall lie in Placer County or in the county to which the Goods are delivered.
- 8.8 **Affidavit of Compliance for Contractors.** Consistent with the Conditions of Certification issued by the California Energy Commission, Supplier shall, upon the request of Agency, execute and provide to Agency Exhibit B hereto for any employees, agents or other representatives of Supplier who will be present on site at NCPA's Lodi Energy Center, Lodi, California. During the term of this Agreement, Supplier shall keep current the Certificate, a copy of which is attached hereto as Exhibit B and incorporated herein by reference.
- 8.9 **Affidavit of Compliance for Hazardous Materials Transport Vendors.** Consistent with the Conditions of Certification issued by the California Energy Commission, Supplier shall, upon the request of Agency, execute and provide to Agency Exhibit C hereto for any employees, agents or other representatives of Supplier who will be present on site at NCPA's Lodi Energy Center, Lodi, California. During the term of this Agreement, Supplier shall keep current the Certificate, a copy of which is attached here to as Exhibit C and incorporated herein by reference.

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

NORTHERN CALIFORNIA POWER AGENCY

SIERRA CHEMICAL COMPANY

Date: _____

Date: _____

RANDY S. HOWARD, General Manager

DAVE KUZY, President

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel

2404114.3

EXHIBIT A PURCHASE LIST

Sierra Chemical Company ("Supplier") agrees to supply deliveries of chemicals, as needed to the Northern California Power Agency. Supplier agrees to deliver all materials and supplies to the NCPA location(s) DDP. All materials and supplies shall be delivered in accordance with Agency specifications.

Supplier deliveries shall be made by a vehicle suitably constructed to contain chemicals meeting Agency's product specifications.

All delivery vehicles shall be labeled and constructed to meet all requirements of the California State Highway Patrol, the Interstate Commerce Commission and any and all jurisdictions having control over said delivery truck operations.

Chemicals currently used at NCPA facilities include (but are not limited to):

Chemical	Pricing
Lime 90%	
Mag Ox 36%	
Sulfuric Acid 93%	\$ 0.0985 / lb
Sodium Hypochlorite 12.5% (Bleach)	\$ 0.0694 / lb
Magnesium Sulfate 30%	\$ 0.149 / lb
Sodium Bisulfite 12% (Nalco PC7408)	
Phosphoric Acid 70% (Nalco PC 185)	
Aqua Ammonia	\$ 0.79 / lb
Sodium Hydroxide 15%	

NCPA acknowledges that Supplier's chemical pricing may be subject to change every six to twelve (6 - 12) months. NCPA shall compensate Supplier in accordance with such price list revisions, provided, however, that (1) Supplier shall provide NCPA with written notice of such bi-annual revisions thirty (30) days in advance; and (2) regardless of such price list revisions, total compensation for all tasks, including all chemicals delivered under this Agreement, shall not exceed the amount set forth in Section 4 - Compensation of this Agreement.

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

EXHIBIT B

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

(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.

EXHIBIT C
CERTIFICATION

Affidavit of Compliance for Hazardous Materials Transport Vendors

I,

(Name of person signing affidavit)(Title)

do hereby certify that the below-named company has prepared and implemented security plans in conformity with 49 CFR 172.880 and has conducted employee background investigations in conformity with 49 CFR 172, subparts A and B,

(Company name)

for hazardous materials delivery to

(Project name and location)

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.



Lodi Energy Center Project Participant Committee

Staff Report

AGENDA ITEM NO.: 12

Date: March 9, 2015
To: Lodi Energy Center Project Participant Committee
Subject: Peterson Industrial Scaffolding, Inc. - Five Year Multi-Task General Services Agreement; Applicable to the following projects: LEC, CT's and Geothermal

Proposal

Approve a five (5) year Multi-Task General Services Agreement with Peterson Industrial Scaffolding, Inc. in a not-to-exceed amount of Three Hundred and Fifty Thousand Dollars (\$350,000) for scaffolding services as needed at the Lodi Energy Center, CTs, and Geothermal facilities.

Background

Scaffolding is used for numerous tasks at the facilities. Much of the scaffolding used can be built by NCPA employees, but the taller, larger scaffold areas are constructed by scaffolding contractors. Staff seeks to add Peterson to its list of scaffolding contractors to promote the most competitive bid process possible.

Selection Process

This five year enabling agreement does not commit NCPA to any purchases. When scaffolding work is required from outside contractors, NCPA will bid the specific scope of work consistent with NCPA procurement policies and procedures. In addition to this vendor, NCPA has entered into two other enabling agreements for scaffolding services at CTs/LEC. In addition, it seeks bids from as many qualified contractors as possible. The bid is awarded to the lowest cost provider.

Fiscal Impact

Total cost of this five year agreement is not-to-exceed \$350,000 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 Peterson Industrial Scaffolding, Inc, with any non-substantial changes

recommended and approved by the NCPA General Counsel, in an amount not to exceed \$350,000 over five years.

Prepared by:

/s/

KEN SPEER
Assistant General Manager
Generation Services

Attachments (2)

- Resolution
- Multi-Task General Services Agreement with Peterson Industrial Scaffolding, Inc.



**MULTI-TASK
GENERAL SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND
PETERSON INDUSTRIAL SCAFFOLDING, INC.**

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 Peterson Industrial Scaffolding, Inc., a corporation, with its office located at 4961-A Pacheco Blvd., Martinez, CA 94553 ("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 THREE HUNDRED AND FIFTY THOUSAND Dollars (\$350,000.00)** 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, with a self-insured retention or deductible of no more than \$100,000. No endorsement shall be attached limiting the coverage.

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, with a self-insured retention or deductible of no more than \$100,000. 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.

4.4 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 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 reduction in scope or amount, cancellation, or modification adverse to Agency of the policies referenced in Section 4.
- 4.4.3 **Higher Limits.** If Contractor maintains higher limits than the minimums specified herein, the Agency shall be entitled to coverage for the higher limits maintained by the Contractor.
- 4.5 **Waiver of Subrogation.** 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 of every nature arising out of or in connection with any acts or omissions by Contractor, its officers, officials, agents, and employees, except as caused by the sole or gross 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.

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.** In addition to any and all warranties provided or implied by law or public policy, 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.

11.2 Deficiencies in Work. In addition to all other rights and remedies which Agency may have, 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.

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:

Peterson Industrial Scaffolding, Inc.
4961-A Pacheco Blvd.
Martinez, CA 94553
925-969-9015

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

PETERSON INDUSTRIAL SCAFFOLDING INC.

Date_____

Date_____

RANDY S. HOWARD, General Manager

WILLIE WESTMORELAND, President

Attest:

Assistant Secretary of the Commission
Approved as to Form:

Assistant General Counsel

EXHIBIT A SCOPE OF WORK

Contractor shall provide the Northern California Power Agency with the following scaffold support and on-call scaffolding support services:

- As directed by Agency, Contractor shall assemble scaffold, safety tag scaffold, inspect scaffold (daily inspections if necessary), modify scaffold structures, disassemble scaffold throughout facilities for plant outages and maintenance.
- Contractor shall coordinate directly with Agency and at the sole discretion of Agency's on-site Manager(s) or Superintendent, Contractor shall serve as Scaffold Project Manager. Scaffold Project Manager's responsibilities shall include inspection and tracking of all scaffold materials being stored and erected to ensure scaffold quality is within the Cal-OSA requirements and Industry Standard Guidelines.
- Agency shall provide Contractor with break-room facilities and temporary lavatory facilities.

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 of the Agreement. The hourly rates and or compensation break down and an estimated amount of expenses is as follows:



PETERSON INDUSTRIAL SCAFFOLDING, INC
2015

SCAFFOLD LABOR RATES

Effective 7/1/14 - 6/30/15
NCPA - Geysers & Lodi

RATES		
ST	OT	DT
\$79.87	\$98.63	\$117.39

Materials: Cost plus 8%

Sub-Contractors & Third Party Rental: Cost plus 8%

Delivery Cost Plus 8%
Pick-Up Truck: \$95.00
Flat Bed Truck: \$120.00

Scaffold Material Charges: \$.06 per piece daily after 28 Days

***Labor Rates includes 28 Days scaffold rental**

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

(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.

2402800.2

Allocated by	Total	Azusa	BART	Biggs	CDWR	Gridley	Healdsburg	Lodi	Lompoc	MID	Plumas-Sierra	PWRPA	SVP	Ukiah
GES	100.0000%	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%
ICS A	100.0000%	4.9936%	11.8310%	0.4802%	0.0000%	3.5212%	2.9448%	17.0295%	3.6491%	0.0000%	1.4084%	4.7824%	46.1588%	3.2010%
ICS B	100.0000%	0.000%	0.000%	0.000%	100.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
	1,605,494	44,724	105,963	4,301	537,840	31,537	26,375	152,522	32,683	172,017	12,614	42,833	413,415	28,670
GES	\$ 49,851,536	\$ 1,388,714	\$ 3,290,201	\$ 133,552	\$ 16,700,265	\$ 979,234	\$ 818,961	\$ 4,735,896	\$ 1,014,828	\$ 5,341,243	\$ 391,684	\$ 1,329,989	\$ 12,836,771	\$ 890,199
GES	\$ 4,381,034	\$ 122,042	\$ 289,148	\$ 11,737	\$ 1,467,646	\$ 86,057	\$ 71,972	\$ 416,198	\$ 89,185	\$ 469,397	\$ 34,422	\$ 116,882	\$ 1,128,116	\$ 78,232
GES	\$ 4,844,523	\$ 134,954	\$ 319,739	\$ 12,978	\$ 1,622,915	\$ 95,161	\$ 79,586	\$ 460,230	\$ 98,620	\$ 519,057	\$ 38,063	\$ 129,247	\$ 1,247,465	\$ 86,509
GES	\$ 1,780,003	\$ 49,586	\$ 117,480	\$ 4,769	\$ 596,301	\$ 34,965	\$ 29,242	\$ 169,100	\$ 36,236	\$ 190,715	\$ 13,985	\$ 47,489	\$ 458,351	\$ 31,786
GES	\$ 1,316,163	\$ 36,664	\$ 86,867	\$ 3,526	\$ 440,915	\$ 25,853	\$ 21,622	\$ 125,035	\$ 26,793	\$ 141,018	\$ 10,341	\$ 35,114	\$ 338,912	\$ 23,503
GES	\$ 235,000	\$ 6,546	\$ 15,510	\$ 630	\$ 78,725	\$ 4,616	\$ 3,861	\$ 22,325	\$ 4,784	\$ 25,179	\$ 1,846	\$ 6,270	\$ 60,513	\$ 4,196
GES	\$ 400,000	\$ 11,143	\$ 26,400	\$ 1,072	\$ 134,000	\$ 7,857	\$ 6,571	\$ 38,000	\$ 8,143	\$ 42,857	\$ 3,143	\$ 10,672	\$ 103,000	\$ 7,143
GES	\$ 2,954,589	\$ 82,306	\$ 195,003	\$ 7,915	\$ 989,787	\$ 58,037	\$ 48,538	\$ 280,686	\$ 60,147	\$ 316,564	\$ 23,214	\$ 78,825	\$ 760,807	\$ 52,760
GES	\$ 1,264,604	\$ 35,228	\$ 83,464	\$ 3,388	\$ 423,642	\$ 24,841	\$ 20,775	\$ 120,137	\$ 25,744	\$ 135,493	\$ 9,936	\$ 33,738	\$ 325,636	\$ 22,582
	\$ 657,289	\$ 18,166	\$ 43,404	\$ 1,747	\$ 218,460	\$ 12,810	\$ 10,713	\$ 61,951	\$ 13,275	\$ 69,870	\$ 5,124	\$ 22,566	\$ 167,922	\$ 11,645
ICS A	\$ 21,235,512	\$ 1,060,417	\$ 2,512,373	\$ 101,973	\$ -	\$ 747,745	\$ 625,343	\$ 3,616,302	\$ 774,905	\$ -	\$ 299,081	\$ 1,015,567	\$ 9,802,058	\$ 679,749
ICS A	\$ (4,194,160)	\$ (209,440)	\$ (496,211)	\$ (20,140)	\$ -	\$ (147,685)	\$ (123,510)	\$ (714,244)	\$ (153,049)	\$ -	\$ (59,071)	\$ (200,582)	\$ (1,935,974)	\$ (134,255)
ICS A	\$ 27,715	\$ 1,384	\$ 3,279	\$ 133	\$ -	\$ 976	\$ 816	\$ 4,720	\$ 1,011	\$ -	\$ 390	\$ 1,325	\$ 12,793	\$ 887
ICS B	\$ 11,415,034	\$ -	\$ -	\$ -	\$ 11,415,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ICS B	\$ (2,015,392)	\$ -	\$ -	\$ -	\$ (2,015,392)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ICS B	\$ 14,827	\$ -	\$ -	\$ -	\$ 14,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GES	\$ 1,863,241	\$ 51,904	\$ 122,974	\$ 4,992	\$ 624,186	\$ 36,600	\$ 30,609	\$ 177,008	\$ 37,390	\$ 199,633	\$ 14,639	\$ 49,709	\$ 479,785	\$ 33,272
GES	\$ 1,221,231	\$ 34,020	\$ 80,601	\$ 3,272	\$ 409,112	\$ 23,989	\$ 20,062	\$ 116,017	\$ 24,861	\$ 130,846	\$ 9,595	\$ 32,581	\$ 314,467	\$ 21,808
	\$ 97,252,749	\$ 2,823,635	\$ 6,689,868	\$ 271,543	\$ 33,120,424	\$ 1,991,055	\$ 1,665,162	\$ 9,629,361	\$ 2,063,411	\$ 7,581,872	\$ 796,394	\$ 2,709,393	\$ 26,100,619	\$ 1,810,014
	\$ 60.57	\$ 63.13												

Notes: 1 Generation Entitlement Share (GES) is synonymous with commonly used terms of Project Entitlement Share, Project Percentage, Project Share, Third Phase share.

NORTHERN CALIFORNIA POWER AGENCY
Lodi Energy Center
Comparative Annual Budget Report

	FY 2014 Budget	FY 2014 Actual	FY 2015 Budget	Proposed FY 2016 Budget	Increase/ (Decrease)
Routine O & M Costs					
Variable	\$3,588,987	\$3,948,657	\$3,651,332	\$4,844,523	\$1,193,191
Fixed	1,464,503	2,462,162	1,765,358	1,780,003	14,645
Administration	1,214,657	1,220,237	1,250,914	1,316,163	65,249
Mandatory Costs	456,000	519,687	220,000	235,000	15,000
Inventory Stock	400,000	180,577	400,000	400,000	0
Routine O & M Costs without Labor	7,124,147	8,331,320	7,287,604	8,575,689	1,288,085
Labor	4,227,098	4,630,807	4,299,182	4,381,034	81,852
Total Routine O & M Costs	11,351,245	12,962,127	11,586,786	12,956,723	1,369,937
Other Plant Costs					
Fuel	41,400,588	46,150,510	41,167,130	49,851,536	8,684,406
AB32 GHG Offset	5,650,224	7,460	0	0	0
CA ISO Charges (variable)	528,800	1,141,140	489,050	657,289	168,239
Debt Service	25,956,029	26,437,806	26,437,890	26,440,994	3,104
Insurance	997,500	796,274	1,000,425	820,000	(180,425)
Other Costs	63,558	40,703	51,781	56,875	5,094
Generation Services Shared	510,711	451,379	437,453	430,271	(7,182)
Administrative & General	1,750,798	1,722,989	1,728,654	1,863,241	134,587
Power Management Allocated Costs	1,228,068	1,134,629	1,187,916	1,221,231	33,315
Total O & M Costs	89,437,521	90,845,017	84,087,085	94,298,160	10,211,075
Projects					
Operations & Maintenance	168,000	306,579	332,500	371,740	39,240
Capital	961,000	923,889	4,658,760	782,849	(3,875,911)
Maintenance Reserve	397,250	397,250	1,800,000	1,800,000	0
Total Projects Budget	1,526,250	1,627,718	6,791,260	2,954,589	(3,836,671)
Annual Budget Cost	90,963,771	92,472,735	90,878,345	97,252,749	6,374,404
Less: Third Party Revenue					
ISO Energy Sales	53,249,904	58,649,164	54,517,593	67,279,734	12,762,141
Ancillary Services Sales	2,290,040	1,468,624	1,420,431	1,616,222	195,791
Interest Income - Operations	9,330	11,882	5,950	5,950	0
Interest Income (NCPA)	49,216	48,425	32,667	32,667	0
Interest Income (CDWR)	14,712	3,085	5,872	5,872	0
Other Income	0	791,502	0	0	0
	55,613,202	60,972,682	55,982,513	68,940,445	12,957,932
Net Annual Budget Cost To Participants	\$35,350,569	\$31,500,053	\$34,895,832	\$28,312,304	(\$6,583,528)
Total Variable Costs	\$51,168,599	\$51,247,767	\$45,307,512	\$55,353,348	\$10,045,836
Total Fixed Costs	39,795,172	41,224,968	45,570,833	41,899,401	(3,671,432)
	\$90,984,421	\$88,618,182	\$90,878,345	\$97,252,749	\$6,374,404
Net Annual Generation (MWh)	1,354,957	1,241,899	1,207,542	1,605,494	397,952
Net Annual Budget Costs per MWh	\$26	\$25	\$29	\$18	(\$11)
Variable Costs per MWh	\$38	\$41	\$38	\$34	(\$3)
Fixed Costs per KW Month	\$12	\$12	\$14	\$12	(\$1)

**Northern California Power Agency
Lodi Energy Center
Projects Detail**

Projects	Notes	Total	FY 2015 Budget	Proposed FY 2016 Budget	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Operations & Maintenance (O&M)													
HRSB/Boiler Overhauls	M	\$ 120,000	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Injection Well Clean Maintenance	M	252,000	-	-	120,000	-	-	120,000	-	-	12,000	-	-
Plant Betterment	D	250,000	125,000	125,000	-	-	-	-	-	-	-	-	-
PI Performance Modules	D	80,000	80,000	-	-	-	-	-	-	-	-	-	-
Electrical Circuits Relocation	D	75,000	75,000	-	-	-	-	-	-	-	-	-	-
Storage Depot	D	52,500	52,500	-	-	-	-	-	-	-	-	-	-
Steam Turbine Access	D	150,000	-	-	-	150,000	-	-	-	-	-	-	-
Cooling Tower Pump Down	D	100,000	-	-	-	-	-	100,000	-	-	-	-	-
Air Filter Puffer System	D	500,000	-	-	-	-	-	-	-	-	500,000	-	-
Gas Turbine Insulation	D	250,000	-	-	-	-	-	-	-	-	250,000	-	-
DCS Software Upgrades	D	200,000	-	-	-	-	-	-	-	200,000	-	-	-
BOP PLC Upgrades	D	125,000	-	-	-	-	-	-	-	125,000	-	-	-
iRig-B Time Stamping	D	30,000	-	-	30,000	-	-	-	-	-	-	-	-
HVAC	M	40,000	-	-	-	-	-	-	-	40,000	-	-	-
Physical Security	D	169,740	-	169,740	-	-	-	-	-	-	-	-	-
Gas Plants Shared O&M Projects - Allocated	D	77,000	-	77,000	-	-	-	-	-	-	-	-	-
Total O&M Projects Funding Requirement		\$ 2,471,240	\$ 332,500	\$ 371,740	\$ 180,000	\$ 180,000	\$ 30,000	\$ 250,000	\$ -	\$ 365,000	\$ 762,000	\$ -	\$ -

Projects	Notes	Total	FY 2015 Budget	Proposed FY 2016 Budget	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Capital Projects													
Title 22 Water Storage Evaluation	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Platforms (20)	D	950,000	150,000	150,000	150,000	150,000	150,000	150,000	50,000	-	-	-	-
Transmission Upgrades ⁽¹⁾	D	5,141,609	4,508,760	632,849	-	-	-	-	-	-	-	-	-
DCS	M	250,000	-	-	-	-	-	-	-	-	250,000	-	-
Total Capital Projects Funding Requirement		\$ 6,341,609	\$ 4,658,760	\$ 782,849	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 50,000	\$ -	\$ 250,000	\$ -	\$ -

Notes:

- D Discretionary
- M Mandatory

1 Transmission Upgrades project was approved on April 10, 2014 in a Special LEC PPC meeting.

Authorization For Budget (AFB) is prepared for all projects greater than \$100K
The Capital Projects listing above serves as a planning & budgeting tool. Agency, Federal Energy Regulatory Commission, and Governmental Accounting Standards Board capitalization rules, policies and guidelines will be applied as costs are incurred.

**Northern California Power Agency
Maintenance Reserves - Lodi Energy Center
Budget FY 2016**

Maintenance Reserves are set aside for the purpose of funding unanticipated, but Commission approved, cost overruns, extraordinary repairs, and maintenance not budgeted. Fund balances and annual replenishments are affected through the annual operating budget. The maintenance Reserve is held in two components:

- * **Annual Maintenance Contingency** for the purpose of funding annual maintenance overruns, unanticipated annual maintenance and annual maintenance costs not budgeted, and
- * **Long-Term Maintenance Reserve** for anticipated costs of future estimated scheduled overhauls and other major projects as anticipated in the annual budget. Generally the projects are significant in scope and cost, planned for completion in future years and affect the long term viability of the project. Funding is spread over a period of years to mitigate the cash flow demands. Funds should not be considered available to augment the annual budget or replace the Annual Maintenance Contingency.

In the FY2013 operations budget, funding was approved for a maintenance reserve to specifically provide cash for the first five year overhaul. The reserve is to cover those costs not covered under the Siemens LTSA (FY2018). Based on actual operating experience, the timing and requirements of the overhaul have changed and are reflected below.

Funding/(Expenditures)	Fiscal Year Activity										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LEC:											
Beginning Reserve Balance	775,584	-	-	-	-	-	-	-	-	-	-
Combustion Turbine (overhaul)	(120,000)	(3,940,000)	-	-	(320,000)	(1,650,000)	-	-	(210,000)	(500,000)	-
Steam Turbine	-	-	(145,000)	-	-	-	-	(20,000)	-	(125,000)	-
Generators	-	-	(585,000)	-	-	-	-	(1,385,000)	-	-	-
Plant Projects	-	(200,000)	(385,000)	(240,000)	-	(165,000)	(170,000)	(300,000)	(335,000)	(470,000)	-
HRSG	-	(40,000)	(145,000)	(40,000)	-	(40,000)	(1,000,000)	(185,000)	-	(40,000)	-
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)	-
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

NORTHERN CALIFORNIA POWER AGENCY
Shared Facilities - Gas Plants
Comparative Annual Budget Report

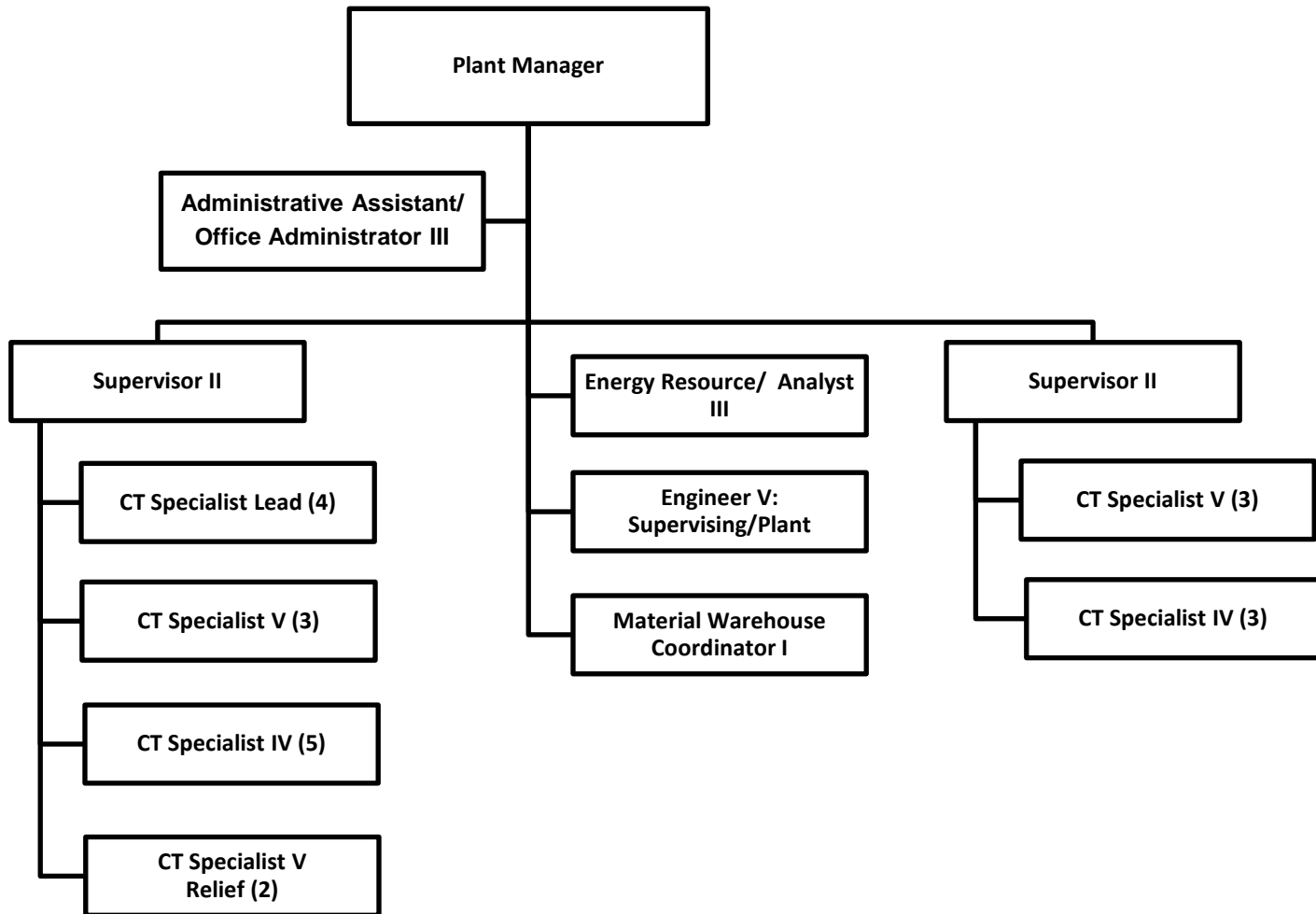
	FY 2014 Budget	FY 2014 Actual	FY 2015 Budget	Proposed FY 2016 Budget	Increase/ (Decrease)
Shared Costs					
Operations	\$166,022	\$106,286	\$76,040	\$103,540	\$27,500
Maintenance	107,150	246,682	186,335	160,000	(26,335)
Administration	312,123	262,643	320,170	298,110	(22,060)
Projects	0	0	0	110,000	110,000
Shared Costs without Labor	\$585,295	\$615,611	\$582,545	\$671,650	\$89,105
Summary of Costs by Subprograms per PMOA Schedule 4.00					
Anhydrous Ammonia System (subprog 001)	\$20,000	\$286	\$15,000	\$15,000	\$0
Administration/Warehouse Building (subprog 002)	494,883	589,342	510,795	558,530	47,735
230 Kv Switchyard Common Equip (subprog 004)	11,725	(569)	24,000	24,000	0
Tooling and Special Equipment (subprog 005)	14,317	0	4,120	44,120	40,000
Vehicle Usage (subprog 007)	44,370	26,551	28,630	30,000	1,370
	\$585,295	\$615,611	\$582,545	\$671,650	\$89,105
Liquidation to Plants					
CT 1					
Operations	\$23,950	\$13,007	\$9,125	\$12,425	\$3,300
Maintenance	28,802	49,961	35,032	38,400	3,368
Administration	48,285	31,649	43,400	35,293	(8,107)
Projects	0	0	0	13,200	13,200
	101,037	94,617	87,557	99,318	11,761
CT 2					
Operations	28,239	19,089	13,687	18,637	4,950
Maintenance	16,253	41,010	29,724	23,896	(5,828)
Administration	54,182	47,268	56,606	53,545	(3,061)
Projects	0	0	0	19,800	19,800
	98,674	107,366	100,017	115,878	15,861
LEC					
Operations	113,833	74,189	53,228	72,478	19,250
Maintenance	62,094	155,711	121,580	97,705	(23,875)
Administration	209,656	183,727	220,164	209,272	(10,892)
Projects	0	0	0	77,000	77,000
	385,584	413,627	394,971	456,454	61,483
	\$585,295	\$615,611	\$582,545	\$671,650	\$89,105

**Northern California Power Agency
Gas Plants - Shared
Projects Detail**

Projects	Notes	Total	FY 2015 Budget	Proposed FY 2016 Budget	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Operations & Maintenance (O&M)													
GSU Oil Dryer	D	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Forklift	D	45,000	-	45,000	-	-	-	-	-	-	-	-	-
Bathroom Updates	D	25,000	-	25,000	-	-	-	-	-	-	-	-	-
Total O&M Projects Funding Requirement		\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:
D Discretionary
M Mandatory

Combustion Turbine Facilities and LEC



Northern California Power Agency
Calculation of JPA Assessment for Fiscal Year 2016 Budget

JPA Assessment Amount \$ / MWh			\$0.150	Participant Revenue Share
Member	CY14 Energy Delivered MWh	Share %	JPA Assessment	
Alameda	363,734	4.4434%	\$54,561	\$4,710
BART	371,933	4.5435%	\$55,791	4,816
Biggs	15,447	0.1887%	2,317	200
Gridley	35,777	0.4371%	5,367	463
Healdsburg	78,324	0.9568%	11,749	1,014
Lodi	457,984	5.5947%	68,699	5,930
Lompoc	139,918	1.7092%	20,988	1,812
Palo Alto	978,546	11.9539%	146,785	12,671
Plumas Sierra	159,317	1.9462%	23,898	2,063
Port Of Oakland	81,413	0.9945%	12,212	1,054
Redding	794,743	9.7086%	119,214	10,291
Roseville	1,241,664	15.1682%	186,253	16,078
Santa Clara	3,196,694	39.0508%	479,514	41,394
Truckee Donner	154,874	1.8919%	23,232	2,005
Ukiah	115,618	1.4124%	17,343	1,497
Subtotal NCPA Participants	8,185,986	100.0000%	1,227,923	\$106,000
Other participants:				
TID ¹	862,866		8,194	
Other LEC Participants:				
City of Azusa ²	n/a		5,486	
CDWR ²	n/a		65,968	
MID ²	n/a		21,099	
PWRPA ²	n/a		5,254	
Subtotal Other LEC participants			97,806	
Subtotal Other participants	-		106,000	
Total NCPA and Other			\$1,333,923	

¹ CY2014 MWh share of Geothermal generation (\$0.150 x 6.3305% x 862,866 Mwh)

² Per LEC Project Management and Operations Agreement, Article 6.2.1.b

JPA Cost rate x GES x Annual CY Mwh Generation

Azusa \$0.150 x 2.7857% x 1,312,804

CDWR \$0.150 x 33.5000% x 1,312,804

MID \$0.150 x 10.7143% x 1,312,804

PWRPA \$0.150 x 2.6679% x 1,312,804

Weighted Average Forward Electric Prices For Budget Run FY2016 (v4)

		Electric Market Prices - \$/MWh															
Load	FY		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Annual		
ON	2016	\$	45.12	\$ 46.15	\$ 44.66	\$ 45.01	\$ 45.08	\$ 45.15	\$ 45.35	\$ 44.48	\$ 43.62	\$ 43.65	\$ 40.21	\$ 40.77	\$ 44.13		
ON	2017	\$	47.33	\$ 51.53	\$ 47.59	\$ 48.46	\$ 46.60	\$ 49.06	\$ 48.77	\$ 47.66	\$ 46.78	\$ 46.30	\$ 42.70	\$ 43.25	\$ 47.22		
ON	2018	\$	51.00	\$ 55.44	\$ 51.23	\$ 50.39	\$ 48.36	\$ 50.66	\$ 51.04	\$ 49.84	\$ 48.92	\$ 48.85	\$ 45.04	\$ 45.65	\$ 49.79		
ON	2019	\$	52.97	\$ 57.77	\$ 53.43	\$ 51.54	\$ 49.44	\$ 51.68	\$ 52.97	\$ 51.84	\$ 50.85	\$ 50.60	\$ 46.62	\$ 47.34	\$ 51.52		
ON	2020	\$	54.89	\$ 59.70	\$ 55.32	\$ 53.38	\$ 51.19	\$ 53.58	\$ 55.14	\$ 53.88	\$ 52.72	\$ 52.47	\$ 48.38	\$ 49.03	\$ 53.41		
ON	2021	\$	56.80	\$ 62.03	\$ 57.42	\$ 55.47	\$ 53.11	\$ 55.47	\$ 56.66	\$ 55.26	\$ 54.13	\$ 53.66	\$ 49.48	\$ 50.22	\$ 55.08		
ON	2022	\$	58.20	\$ 63.63	\$ 59.03	\$ 56.76	\$ 54.40	\$ 56.29	\$ 57.52	\$ 56.14	\$ 55.00	\$ 54.52	\$ 50.27	\$ 50.99	\$ 56.17		
ON	2023	\$	59.09	\$ 64.71	\$ 59.96	\$ 57.69	\$ 55.27	\$ 57.28	\$ 58.44	\$ 57.03	\$ 55.86	\$ 55.36	\$ 51.06	\$ 51.74	\$ 57.07		
ON	2024	\$	60.07	\$ 65.69	\$ 60.94	\$ 58.61	\$ 56.16	\$ 58.19	\$ 59.37	\$ 57.94	\$ 56.81	\$ 56.29	\$ 51.85	\$ 52.61	\$ 58.01		
ON	2025	\$	61.04	\$ 66.62	\$ 61.87	\$ 59.52	\$ 57.04	\$ 59.10	\$ 60.32	\$ 58.86	\$ 57.72	\$ 57.14	\$ 52.68	\$ 53.44	\$ 58.92		
OFF	2016	\$	36.41	\$ 36.80	\$ 36.17	\$ 37.64	\$ 36.76	\$ 37.79	\$ 39.64	\$ 39.51	\$ 36.92	\$ 37.09	\$ 33.40	\$ 31.74	\$ 36.68		
OFF	2017	\$	36.59	\$ 41.44	\$ 38.93	\$ 42.48	\$ 41.88	\$ 43.08	\$ 43.16	\$ 43.22	\$ 42.28	\$ 39.73	\$ 35.66	\$ 32.84	\$ 40.12		
OFF	2018	\$	39.71	\$ 44.88	\$ 42.29	\$ 44.67	\$ 43.92	\$ 44.28	\$ 46.79	\$ 46.41	\$ 43.57	\$ 42.51	\$ 38.09	\$ 35.14	\$ 42.70		
OFF	2019	\$	44.67	\$ 45.58	\$ 42.94	\$ 45.92	\$ 45.10	\$ 46.21	\$ 48.72	\$ 48.43	\$ 45.35	\$ 44.08	\$ 39.62	\$ 36.59	\$ 44.43		
OFF	2020	\$	46.33	\$ 47.32	\$ 44.62	\$ 47.52	\$ 46.78	\$ 47.98	\$ 51.57	\$ 51.18	\$ 47.94	\$ 46.59	\$ 41.92	\$ 38.57	\$ 46.53		
OFF	2021	\$	48.83	\$ 50.13	\$ 47.09	\$ 50.44	\$ 49.60	\$ 50.75	\$ 53.01	\$ 52.62	\$ 49.10	\$ 47.60	\$ 42.78	\$ 39.34	\$ 48.50		
OFF	2022	\$	50.00	\$ 51.39	\$ 48.35	\$ 51.67	\$ 50.74	\$ 51.56	\$ 53.85	\$ 53.46	\$ 49.88	\$ 48.35	\$ 43.46	\$ 39.96	\$ 49.46		
OFF	2023	\$	50.84	\$ 52.11	\$ 49.13	\$ 52.50	\$ 51.56	\$ 52.36	\$ 54.69	\$ 54.31	\$ 50.68	\$ 49.14	\$ 44.10	\$ 40.58	\$ 50.25		
OFF	2024	\$	51.64	\$ 52.93	\$ 49.91	\$ 53.34	\$ 52.38	\$ 53.20	\$ 55.58	\$ 55.17	\$ 51.51	\$ 49.91	\$ 44.80	\$ 41.34	\$ 51.00		
OFF	2025	\$	52.43	\$ 53.76	\$ 50.76	\$ 54.16	\$ 53.22	\$ 54.04	\$ 56.46	\$ 56.06	\$ 52.33	\$ 50.70	\$ 45.51	\$ 41.98	\$ 51.79		

Simple Average Forward Gas Prices For Budget Run FY2016

		Natural Gas Prices (\$/MMBtu at PG&E CG)															
	FY		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Annual		
	2016	\$	3.80	\$ 3.81	\$ 3.79	\$ 3.80	\$ 3.89	\$ 4.05	\$ 4.14	\$ 4.10	\$ 4.11	\$ 4.03	\$ 4.03	\$ 4.06	\$ 3.97		
	2017	\$	4.15	\$ 4.15	\$ 4.14	\$ 4.12	\$ 4.21	\$ 4.35	\$ 4.46	\$ 4.44	\$ 4.43	\$ 4.28	\$ 4.28	\$ 4.31	\$ 4.27		
	2018	\$	4.40	\$ 4.41	\$ 4.39	\$ 4.37	\$ 4.55	\$ 4.68	\$ 4.80	\$ 4.77	\$ 4.75	\$ 4.53	\$ 4.53	\$ 4.56	\$ 4.56		
	2019	\$	4.64	\$ 4.65	\$ 4.64	\$ 4.62	\$ 4.71	\$ 4.85	\$ 4.95	\$ 4.92	\$ 4.90	\$ 4.65	\$ 4.65	\$ 4.68	\$ 4.74		
	2020	\$	4.76	\$ 4.78	\$ 4.76	\$ 4.75	\$ 4.84	\$ 4.99	\$ 5.09	\$ 5.06	\$ 5.03	\$ 4.76	\$ 4.76	\$ 4.79	\$ 4.86		
	2021	\$	4.87	\$ 4.89	\$ 4.88	\$ 4.87	\$ 4.97	\$ 5.13	\$ 5.21	\$ 5.17	\$ 5.15	\$ 4.86	\$ 4.86	\$ 4.89	\$ 4.98		
	2022	\$	4.98	\$ 5.01	\$ 5.00	\$ 5.00	\$ 5.10	\$ 5.26	\$ 5.34	\$ 5.31	\$ 5.28	\$ 4.97	\$ 4.96	\$ 4.99	\$ 5.10		
	2023	\$	5.08	\$ 5.12	\$ 5.12	\$ 5.12	\$ 5.23	\$ 5.39	\$ 5.46	\$ 5.42	\$ 5.38	\$ 5.07	\$ 5.05	\$ 5.09	\$ 5.21		
	2024	\$	5.18	\$ 5.21	\$ 5.22	\$ 5.23	\$ 5.34	\$ 5.49	\$ 5.58	\$ 5.54	\$ 5.50	\$ 5.17	\$ 5.16	\$ 5.19	\$ 5.32		
	2025	\$	5.28	\$ 5.32	\$ 5.32	\$ 5.33	\$ 5.46	\$ 5.61	\$ 5.68	\$ 5.64	\$ 5.61	\$ 5.27	\$ 5.26	\$ 5.29	\$ 5.42		

Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President, Market and Infrastructure Development

Date: February 4, 2015

Re: **Decision on capacity procurement mechanism replacement framework**

This memorandum requires Board action.

EXECUTIVE SUMMARY

The current tariff provisions defining the ISO's authority to procure backstop capacity to meet reliability needs are the result of a settlement agreement filed with FERC in 2012. As part of that agreement, these provisions will sunset on February 16, 2016. In light of this, Management seeks Board approval of new backstop capacity procurement and pricing provisions that include a competitive solicitation process. The proposal will provide a durable solution to replace the current administrative price for backstop capacity with market-based procurement and pricing.

The proposed provisions allow suppliers to offer local, system, and flexible backstop capacity into a competitive solicitation process. This process will solicit offers annually, monthly, and daily and will run whenever the ISO determines there is a need for backstop capacity. The competitive solicitation process provides a mechanism for procuring capacity to meet reliability needs at the lowest total cost. The ISO will pay the designated capacity its resource-specific offer price. The proposal addresses market power concerns through a soft offer cap in which any accepted offer prices above the cap are subject to cost justification to FERC.

Previously, the ISO and stakeholders spent significant resources repeatedly developing, redefining, and litigating backstop procurement processes and compensation. Two prior backstop proposals have gone through a protracted FERC settlement process. To avoid another potentially costly FERC settlement process, Management sought a settlement agreement among stakeholders prior to filing the proposal at FERC. Management and stakeholders were successful in obtaining a settlement agreement on the design proposal. All parties involved in the stakeholder process have indicated that they either support or do not oppose the proposed design.

Management proposes the following motion:

Moved, that the ISO Board of Governors approves the proposed capacity procurement mechanism replacement framework, as described in the memorandum dated February 4, 2015;

Moved, that the ISO Board finds that the proposed backstop capacity framework does not diminish the five state policies specified in the memorandum; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

DISCUSSION AND ANALYSIS

Background

The capacity procurement mechanism within the ISO tariff provides the backbone for the ISO's backstop procurement authority. It ensures that the ISO will have sufficient capacity available to maintain reliable grid operations. The capacity procurement mechanism backstop serves three main functions:

- Resolves resource adequacy capacity deficiencies in both the year-ahead and month-ahead timeframes;
- Supplements resource adequacy capacity procurement by load serving entities to address reliability needs caused by significant events, or when the ISO exceptionally dispatches a non-resource adequacy resource; and
- Designates capacity from resources needed to meet operational or reliability needs in the following resource adequacy year that have indicated they will shut down in the current year due to it being uneconomic for them to remain in service.

The ISO's current capacity procurement mechanism tariff authority will expire on February 16, 2016. In a 2011 Order, FERC instructed the ISO to develop enhanced backstop provisions that: 1) procure capacity at a price that accounts for market conditions that change over time; 2) provide a reasonable opportunity for suppliers to recover fixed costs; and 3) support incremental investment by existing resources to perform long-term maintenance or make improvements that are necessary to satisfy environmental requirements or address reliability needs associated with renewable resource integration. In response, Management proposes to replace the current administrative rate with a competitive solicitation process to determine the backstop capacity procurement price under the capacity procurement mechanism.

Objectives

Management's goal with this initiative is to create a durable framework that will procure and price backstop capacity based on market conditions. Market prices for resource capacity vary based on the location, capability, and time of the reliability need. The backstop price should reflect these varying conditions. Furthermore, the backstop price and framework should be sufficiently adaptable to changing market conditions so the ISO does not have to make frequent and significant updates to the capacity procurement mechanism framework. Management's proposal balances the process complexity needed to determine a market price with a desire from stakeholders to maintain simplicity in a procedure that is not invoked very often.

Backstop capacity designated through a competitive solicitation process

Management proposes to replace the single administrative price paid for all backstop capacity designations with a competitive solicitation process framework. This framework will:

- Limit capacity procurement mechanism eligibility to capacity that is not designated as resource adequacy capacity on the designation day;
- Allow suppliers to offer capacity up to a soft offer cap in three separate competitive solicitation processes;
- Allow the ISO to designate capacity under an annual, monthly, and daily competitive solicitation process run; and
- Pay designated capacity based on the resource's offer price into the solicitation process.

In response to stakeholder requests for simple rules for bidding into the competitive solicitation process, Management proposes the following:

- Suppliers will offer in a single \$/kW-month price and a MW quantity for system and local capacity and a MW quantity for flexible capacity;
- The ISO may designate system, local, and flexible capacity at this rate; and
- All resource types may participate, including preferred resources and imports.

A soft offer cap price limits supplier offers, and is based on the estimated cost of service rate for advanced combined cycle resources

Several stakeholders raised concerns about the potential exercise of market power in the competitive solicitation process. To address these concerns, Management's proposal includes a soft offer cap to limit supplier offers into the competitive solicitation process. Under the soft offer cap, market participants may bid in any price below the soft offer cap without having to cost-justify the bid. A supplier may offer in a bid above

the soft offer cap, however, if the ISO accepts the bid it would have to be cost-justified to FERC. To satisfy previous FERC guidance that resources should be able to recover additional costs such as environmental upgrades, the proposed soft offer cap is designed to reflect the cost of service rate of the highest cost resource type expected to receive a capacity procurement mechanism designation. The soft offer cap ensures that offers are at or below what the ISO would expect from existing resources in a competitive environment.

In determining the soft offer cap, Management analyzed the costs of non-resource adequacy capacity from 2012 to 2014, as only non-resource adequacy capacity is eligible to receive a backstop designation. In all years, combined-cycle resources made up the highest proportion of non-resource adequacy capacity available to receive a backstop designation. This is particularly true in 2014, when combined-cycle resources made up over half the available backstop-eligible capacity. Combined-cycle units also have the highest going-forward fixed costs of the standard types of gas-fired units. Management therefore proposes to use the going-forward costs of a combined-cycle generation unit as the basis for the soft offer cap limit. Management proposes to use the combined-cycle unit costs included in the California Energy Commission draft staff report, Estimated Cost of New Renewable and Fossil Generation in California, posted in May 2014. In addition, to provide for a portion of capital cost recovery, Management proposes to include a 20 percent adder to the Energy Commission's estimate of going-forward fixed costs. As a result, the proposed soft offer cap that would go into effect on February 17, 2016 is \$75.68/kW-year (\$6.31/kW-month).

Future updates to the capacity procurement mechanism policy

To ensure that the soft offer cap remains aligned with current costs, Management proposes to update the soft offer cap in a stakeholder process concurrent with the California Energy Commission estimation of going-forward fixed costs for advanced combined-cycle resources. This would occur no less than once every four years.

To address certain stakeholder concerns that some load serving entities could use the new competitive solicitation process as their primary capacity-procurement mechanism, Management will monitor the use of the capacity-procurement mechanism to ensure load-serving entities are not relying on the capacity-procurement mechanism to meet their resource adequacy obligations. If either of the two following conditions occurs, then Management will open a stakeholder initiative to explore the use of the capacity procurement mechanism as a potential primary capacity-procurement method:

1. With the second use of the mechanism by the same load serving entity for either an annual or monthly deficiency within a rolling 24-month period, or;
2. With the first use of the mechanism by a load serving entity for either an annual or monthly deficiency to meet fifty percent of the load serving entity's resource adequacy obligation.

Allow resources that decline the capacity procurement mechanism designation to receive supplemental revenues

Management proposes to retain certain provisions under the current capacity procurement mechanism that provide suppliers with the option of receiving supplemental revenues in the event they elect to decline a capacity-procurement mechanism designation. With this option, capacity would be eligible for supplemental revenues for all subsequent exceptional dispatches over the next 30 days following an exceptional dispatch. Supplemental revenues are calculated as the difference between a resource's energy bid price and its default (cost-based) energy bid. The resource would be eligible for supplemental revenues up to what the resource would have received under a capacity-procurement mechanism designation at the soft offer cap price. The ISO would not designate the exceptionally-dispatched capacity as resource adequacy capacity and, therefore, the exceptionally-dispatched capacity would not be under any must-offer obligation.

Revise exceptional dispatch process to determine capacity procurement mechanism value of non-resource adequacy capacity

Stakeholders identified a gap in the current tariff where the ISO treats non-resource adequacy resources differently than resources that have only sold a portion of their capacity as resource adequacy capacity. To close this gap, Management proposes an enhanced process to determine the capacity procurement mechanism MW-value for all resources that have any non-resource adequacy capacity available for exceptional dispatch. Current rules require a capacity procurement mechanism designation for any non-resource adequacy capacity the ISO relies on when issuing an exceptional dispatch. The proposed enhancement will require the ISO to assess the amount of non-resource adequacy capacity that the ISO is relying on for reliability purposes whenever there is potential for an exceptional dispatch capacity-procurement mechanism designation.

Revisions do not diminish state policies

In a May 22, 2014 letter to California State Senator Steinberg (Attachment 1), the ISO committed, *inter alia*, that it would not file a proposal with the Federal Energy Regulatory Commission for an ISO managed auction or competitive bidding process (or similar mechanism) to procure electric capacity products to replace its existing backstop procurement mechanism unless the ISO Board first makes the formal determination that the following policies of the state of California will not be diminished:

- (1) Any state law or policy relating to the promotion of environmentally preferred resources, demand response, energy efficiency, renewable resources, or electric storage;

- (2) Any state law or policy relating to reductions of greenhouse gas emissions, including, but not limited to, the Global Warming Solutions Act (AB 32) and Executive Order S-03-05;
- (3) State efforts to ensure the timely development of new generating resources needed to ensure local reliability;
- (4) The ability of the CPUC to establish any procurement requirements or practices for electrical corporations and other CPUC-jurisdictional retail sellers; and
- (5) The ability of the ISO to safely and reliably operate the bulk power system.

The revised capacity procurement mechanism framework will not diminish the aforementioned state policies. The capacity procurement mechanism pertains solely to the ISO's procurement of backstop capacity to meet reliability needs in certain limited circumstances, and the revisions are designed to allow the ISO to procure backstop capacity through a competitive solicitation process rather than pay all backstop capacity a fixed tariff price. The proposed revisions do not affect or modify any state statutes and policies regarding greenhouse gas emissions or the promotion of preferred resources. The CPUC and publically owned utilities remain responsible for (1) overseeing resource procurement by load serving entities, including ensuring the procurement of preferred resources, demand response, energy efficiency, renewable resources and electric storage, and (2) ensuring the development of resources needed to meet local reliability needs and state environmental goals. The ISO's capacity backstop proposal does not affect that effort.

Finally, the revised backstop capacity procurement framework allows the ISO to efficiently and cost-effectively procure capacity necessary to maintain reliability in the event that already-procured resources are insufficient or if a significant event threatens reliable operations. The framework promotes the optimal use of existing preferred resources, local resources, and renewable resources by providing a platform for additional streams of revenue should these resources not initially receive a resource adequacy contract. These resources along with thermal generation are able to participate fully in the competitive solicitation process. Because the competitive solicitation process occurs well after primary procurement by load serving entities, the process will not disrupt or influence prices in primary procurement for environmentally preferred resources, demand response, energy efficiency, renewable resources, or electric storage.

POSITIONS OF THE PARTIES

To avoid a contentious and protracted process at FERC, interested stakeholders engaged in settlement discussions as part of the ISO stakeholder process. All parties either support or do not oppose the proposed capacity procurement mechanism, subject to tariff review. A list of the parties that participated in the settlement process is included as Attachment 2 to this memorandum.

NRG requested the ISO carve one issue out of the settlement: backstop payments for resources committed through the minimum online commitment constraint. NRG argues that non-resource adequacy resources committed in the day-ahead market by the minimum online commitment constraint, which ensures sufficient generation is online in

constrained areas, should receive backstop capacity compensation. Management believes this issue is outside the scope of this initiative, but agreed to identify the issue in the FERC filing.

CONCLUSION

Management requests the Board approve the proposed capacity procurement mechanism design changes, as described in this memorandum. The new competitive solicitation process framework will provide a platform to more efficiently procure and price backstop capacity. The proposed market design also puts in place a durable framework that prices backstop capacity based on current market conditions. The new framework will not require frequent or significant modifications, as has previously been the case, and often the subject of contentious negotiations. Further, the new framework in no way diminishes state policies.