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# Minutes

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**Date:** February 3, 2023  
**To:** NCPA Facilities Committee  
**From:** Carrie Pollo  
**Subject:** February 1, 2023 Facilities Committee Meeting Minutes

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- 1. Call meeting to order & Roll Call** – The meeting was called to order by Committee Chair Alan Harbottle (Alameda) at 9:07 am. Attending via teleconference/on-line presentation were Midson Hay (Alameda), Dennis Schmidt (Biggs), CJ Berry (Lompoc), Shiva Swaminathan (Palo Alto), Khaly Nguyen (Port of Oakland), Nick Rossow (Redding), and Cindy Sauers (Ukiah). Those attending in person are listed on the attached Attendee Sign-in Sheet. Peter Lorenz (non-voting Representative with TID) also attended via teleconference and online presentation. Committee Representatives from BART, Gridley, Healdsburg, Plumas-Sierra, Shasta Lake, and TID were absent. A quorum of the Committee was established.

## **PUBLIC FORUM**

No public comment.

## **OPEN SESSION**

## **DISCUSSION / ACTION ITEMS**

- 2. Approval of Minutes form the January 4, 2023 Facilities Committee meeting.**

Motion: A motion was made by CJ Berry and seconded by Khaly recommending approval of the January 4, 2023 Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Port of Oakland, Redding, Roseville, and Santa Clara. ABSTAIN = Ukiah. The motion passed.

- 3. Nexant Cost Allocation Model Billing Determinants for FY 2024** – Staff presented background and was seeking a recommendation for Commission approval of the billing determinants that will be used in the FY 2024 Nexant Cost Allocation Model.

In preparation for FY 2024, the Nexant model uses the previous year's calendar year data for 2022 as determinants for use as allocators for Members' budget costs. Determinants include resource data such as nameplate and maximum operating capacity values, Day Ahead, Hour Ahead and real time energy and ancillary service schedules used internally within NCPA and those sent to the CAISO in addition to intertie schedules, inter-SC trades, load meter data, contract deals, etc.

Contract deal counts and hourly counts used as bill determinants have declined each of the past three years, potentially skewing costs. Staff proposed to modify the current 1/3 allocation split between contract deals and Pool Resources based on the ratio of contracted energy and pool resource energy to total energy by calendar year. The new proposed allocation split is Load: .333; Contracts: .241; Pool Resources: .426.

The final allocated results for FY 2024 indicated the biggest increases to Biggs, BART, and TID, by approximately 14.89%, 4.89%, and 2.80% respectively, with the updated CY 2022 determinants. Members with the biggest decreases include Plumas-Sierra and Lompoc at 15.28% and 11.25% respectively. Staff reviewed the underlying operational data, and provided an analysis regarding the cost drivers that resulted in the relative percentage changes in the allocations to Members.

After discussion between Committee Members and staff regarding the significant cost increase to Biggs due to a couple of contract deals, it was decided that staff would go back and remove these contracts. Staff will bring the updated final model results with these contracts removed to the Special Facilities Committee meeting on February 8, 2023 for final review. Staff will seek a recommendation for Commission approval at that time.

- 4. NCPA Casualty Insurance Renewals** – Staff presented background information and was seeking a recommendation for Commission approval to renew the Agency’s excess liability, worker’s compensation, and automobile insurance programs for March 2023 to March 2024.

Alliant Insurance Services has aggressively marketed the primary liability program to ensure best-in-class pricing, terms, and conditions. Staff is happy to report that AEGIS has agreed to keep the Wild Fire Surcharge flat for the 2023 renewal at \$500,000. Ironshore, who provides \$15M of the \$75M total liability coverage, has decided to discontinue writing policies for this book of business. Alliant is currently marketing that portion of the Excess Tower but is anticipating a 40% increase in premium driven by only a few firms underwriting liability policies. While Alliant estimates an increase of 10-15% for the remaining lines of the program (resulting in a new premium of approximately \$1.8 million), staff recommends establishing a not-to-exceed of \$2,210,000 to provide sufficient headroom for the General Manager to bind coverage.

Since LEC has no transmission lines and is not located in one of the CPUC's wildfire threat zones, Liability insurance is much easier and more cost-effective on a separate policy. While Alliant estimates an increase of 15% to the program (resulting in a new premium of approximately \$190,000), the LEC PPC recommends establishing a not-to-exceed of \$210,000 to provide sufficient headroom for the General Manager to bind coverage.

**Motion:** A motion was made by CJ Berry and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to negotiate and bind the Casualty Insurance program for the term starting March 1, 2023, and ending March 1, 2024, at a not-to-exceed premium of \$2,210,000 for the Northern California Power Agency and Lodi Energy Center. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Port of Oakland, Redding, Roseville, Santa Clara, and Ukiah. The motion passed.

## **INFORMATIONAL ITEMS**

- 5. New Business Opportunities** – Staff provided an update regarding new business opportunities.

### **NCPA Project Development (PPA)**

- **Zero Waste Energy Development (ZWED)**
  - SB-1383: Compliance Goal

- 1.6 MW LF Gas: Existing Facility
- Participants: Santa Clara and Palo Alto
- Products: Energy, RPS, and RA
- Term: 10 Year Term
- Operations: Seller to act as Scheduling Coordinator
- Price: To Be Discussed
- Negotiation Status: Active

### **Scheduling Coordinator Services**

- **City of Lodi Strategic Reserve**
  - Lodi is working with CDWR to install additional capacity in support of the State Strategic Reserve Program with a 48+ MW natural gas facility
  - Operator: Enchanted Rock
  - Interconnection: City of Lodi
  - NCPA Role: Act as Scheduling Coordinator for the facility
  - Use: To be dispatched under limited circumstances
    - CAISO system emergency (EEA1, EEA2, EEA3)
    - In response to local transmission emergency
  - Timing: Goal for Summer 2023 operations
  - Status: Now engaging in initial discussions

### **Geysers Geothermal – Next Steps**

- **Purchase Agreements**
  - RPS Agreement and RA Agreement
    - Effective Date: December 23, 2022
  - Geysers Geothermal Third Phase Agreement
    - Effective Date: December 22, 2022
- **Next Steps**
  - Project Participation Percentage Transfer Deadline
    - Deadline: April 30, 2023
  - Key Steps Required:
    - Provide written notice of intent to accept transfer to NCPA
    - Execute the Geysers Geothermal Third Phase Agreement by the Transfer Completion Deadline

### **NCPA Renewables RFP**

- **Luna Valley PV Only**
  - Product: Energy plus PPC1 Bundled RECs, No RA
  - Location: Luna Valley in Fresno County
  - Interconnection: PG&E Tranquility 230 kV substation
  - Project Status: Site control, executed LGIA
  - COD Target: June 2025
  - Price: To Be Discussed
  - Option for consideration: Index plus consideration
  - Next Steps: Seeking Member interest

## **6. NCPA Generation Services Plant Updates – Plant Staff provided the Committee with an update on current plant activities and conditions.**

**CTs** – CT1 had 0 starts of 0 forecasted. FYTD total is 84 starts. CT2 had 0 starts of 3 forecasted. FYTD total is 21 starts.

- **Forced Outages**
  - CT2 on 1/9/23 at 1418 thru 1/9/23 at 2400; Staff discovered a section of the bus duct cover blew off exposing the connections on the transformer low side 13.8kV. After assessing the cover—the plate lifted due to high winds—staff found the self-tapping screws were still attached to the cover plate. The transformer connections were cleaned, bus duct inspected, electrically tested, and installed new hardware on the cover, then restored during the outage.
- **Planned Outages**
  - CT1 Lodi – 2/1/23 thru 2/28/23
  - CT1 Alameda – U1/U2- 3/1/23 thru 3/31/23
  - CT2 STIG – 4/1/23 thru 4/30/23

CT1 Lodi run hours is 0 (0%) of 200 allowed based on a calendar year. CT1 Alameda Diesel Unit 1 has used 6.68 hours of 20, and Unit 2, 6.99 hours of 20, based on a rolling year. Staff reviewed the CAISO Commitment Runs for December 2022.

**Geo** – There was one safety incident to report for the month of January. An employee slipped on ice resulting in a knee injury. Severe weather with 90 mph winds caused structural damage to parts of the Geo facilities. The average net generation level for January was 72 MW. Total average net generation was 53.5 GWh. The FY 2023 net generation goal is 734 GWh. FY 2023 actual net generation was 425.9 GWh YTD at 1.3% over the forecasted net generation of 420.5 GWh YTD. Steam Field repairs included the Well J-5 steam leak repair. The Unit 4 Overhaul is progressing. The general scope of work for the Unit 4 overhaul includes:

- **Unit #4 Overhaul**
  - Reassembled Turbine Generator in January
  - Working to bring Plant 1 back online
- **PG&E Transmission Line Outage – January 26, 2023**
  - Conducted repairs to Plant 1 Stretford

**Hydro** – Collierville (CV) Power House was at 100% availability and New Spicer Meadows (NMS) Power House was at 90% availability during the month of January. January precipitation was 13.9 inches based on the 5 – Station Index. The snow pack is at 209% of average for this date.

#### **Hydrology**

- **New Spicer Meadows Reservoir Storage**
  - 840 acre feet increase (1%) month-over-month
  - 80,300 acre feet to 81,140 acre feet
    - 65,140 acre feet at this time last year
    - Forecasts indicate substantial probability of filling/spilling Spicer
  - Optimizing stored water
    - Increased Spicer draft to ~400 cfs beginning 1/18
    - Anticipate elevated drafts through February
    - Monitor snowpack, runoff, and market

#### **Current Events**

- **Projects**
  - Utica gate motor installation planned for February
    - Flight required
  - Base-mapping underway for Clarks Creek along CV PH
  - Spicer campground water tank evaluation complete
    - Developing engineer's estimate for coating
- **Regulatory**
  - Preparing the USGS water year report

## 7. Planning and Operations Update

### - Resource Integrations In Progress

- City of Lodi Strategic Reserve – June 2023
- Dagget Solar / Storage – Q3 2023
- Sandborne Storage – Q3 2023
- Scarlet Solar / Storage – Q3 2023
- Proxima Solar / Storage – Q1 2024
- Deer Creek – On Hold

- **Market Conditions** – Natural gas prices reached record sustained prices in December 2022, and January 2023. Prices have come down since then, and have leveled off to a much more reasonable price.

- **Meter Maintenance Program Development** – In the past, NCPA has administered a Meter Maintenance Program on behalf of select Members. The program is now expired. CAISO Certified Meters must be certified and repaired in short order. NCPA staff has been experiencing a growing number of challenges without the Meter Maintenance Program in place. Staff proposed developing a new Meter Maintenance Program. Staff received bids from two vendors – Trimark Associates with a final bid of \$247,000 annually, and Ulteig with a final bid of \$148,000 annually. Staff is currently working on a General Services Agreement with Ulteig for the meter maintenance, and development of a separate Meter Maintenance Program Agreement. This item will be brought back for final review and a recommendation for Commission approval at a future meeting.

## 8. NCPA Geothermal Facility – Geo Battery Energy Storage System – Geothermal lead a discussion regarding a possible Battery Energy Storage System at Geo.

NCPA's geothermal facilities are not exporting at full line capacity due to declining steam pressures in the geothermal steam reservoir. NCPA is assessing a battery energy storage system that could utilize available capacity on the NCPA GEO 230kV transmission lines. The development of a proposed battery energy storage system at NCPA GEO Plant 2 will be broken into three phases. The Geo Plant 2 contains Units 3 and 4. Plant 2's original total capacity was 110 MW. NCPA retired Unit 3 in 2010, due to resource changes. Unit 4 now exports 40 MW. NCPA has approximately 70 MW of available capacity on the Fulton transmission line.

### **Proposed Operational Benefits of GEO BESS**

- Allows for massive scheduling flexibility of GEO Plant 2
  - RA, Peaking, etc.
- Effectively becomes "Turbine Bypass"
  - No wasted steam (MW)
  - Negative pricing events
  - Minor transmission line work, switching, etc.
- Once charged, can be held full
  - RA
  - Baseload
  - Minor plant work

### **Geo Plant 2 BESS Assumptions**

- 70 MW/280 MWh Size (4 Hour Batteries)
  - Largest size based on available remaining existing transmission capacity.
- Tesla Megapack
  - The Tesla Megapack was used for preliminary conceptual design. Detailed engineering/public works procurement process will determine manufacturer of ESS containers used.
- Inflation Reduction Act Eligible

The Power Engineers Study of Phase 1.1 and the Acelerex Market Analysis of Phase 1.2 have been completed. The results are listed below for the Phase 1.2 results.

Discounted Cash Flow Summary  
Acelerex RA Value Average \$3.82 per kW-month

	<b>70 MW</b>
<b>DCF Summary (at COD)</b>	<b>25-year</b>
<b>Levered, before-tax IRR</b>	<b>9.8%</b>
<b>Levered, before-tax NPV</b>	<b>\$18,717,719</b>
<b>Unlevered, before-tax IRR</b>	<b>7.8%</b>
<b>Unlevered, before-tax NPV</b>	<b>\$13,829,001</b>

**Geo BESS 70 MW Cost Estimate – July 2022**

- Engineering - \$1,250,000
- Major Equipment - \$135,523,545
- Structures - \$427,400
- Foundations/Cable Vaults - \$6,883,580
- Trench Work/Conduit - \$1,219,359
- Cable - \$3,302,719
- Grounding - \$163,455
- Miscellaneous - \$2,005,990
- Civil Work - \$1,092,961
- Survey/Locates - \$85,000
- Permitting - \$75,000
- Construction Management - \$380,000
- Testing - \$300,000

**BESS Project Total 70 MW – \$152,709,009**

Several documents regarding the BESS Project have been uploaded to NCPA Connect for Members to review. Several questions were discussed and answered during the meeting. Staff will schedule a Special Facilities Committee meeting next month for further discussion on this item.

- 9. Schedule next meeting date –** A Special Facilities Committee meeting is scheduled for next Wednesday, February 8, 2023 to review the FY 2024 annual budget. The next regular Facilities Committee meeting is scheduled for March 1, 2023.

**ADJOURNMENT**

The meeting was adjourned at 12:27 pm by the Committee Chair.



**Northern California Power Agency  
February 1, 2023 Facilities Committee Meeting  
Attendance List**

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

<u>MEMBER</u>	<u>NAME</u>
ALAMEDA	
BART	
BIGGS	
GRIDLEY	
HEALDSBURG	
LODI	<i>Jay O'Leary</i>
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	
ROSEVILLE	<i>BRIAN SCHINSTOCK</i>
SANTA CLARA	<i>Basil Wang</i>
SHASTA LAKE	
TID	
UKIAH	