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# Minutes

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**To:** NCPA Facilities Committee  
**From:** Trisha Hubbard  
**Subject:** February 3, 2016 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 Hanger at 9:03am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Monica Padilla and Chris Hutchinson (Palo Alto), Debbie Whiteman (Alameda), Kathleen Hughes and Steve Hance (SVP), Mark Sorensen (Biggs), and Mike Whitney (NCPA). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Gridley, Healdsburg, and Ukiah were absent. A quorum of the Committee was established.

## **PUBLIC FORUM**

No public comment.

- 2. Approve minutes from the January 6, 2016 Facilities Committee meeting** – Motion: A motion was made by Melissa Cadek and seconded by Steve Hance recommending approval of the January 6<sup>th</sup> Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.
- 3. Geothermal Facility Plant 2 – Public Works Contract with Northern Industrial Construction for Unit 4 Main Steam Pipeline Project** – Staff provided information regarding the recommendation for Commission approval authorizing the General Manager to enter into a Public Works agreement with Northern Industrial Construction which shall not exceed \$950,000 to construct a new 48” diameter pipeline to the Unit 4 main steam turbine. This project was originally budgeted for \$300,000 for FY2016 to minimize pressure drops and eliminate unnecessary piping. Staff is now proposing to re-route the pipeline. Staff expects a 15 year life of this project with a projected benefit of a 1MW gain in generation and a three-year payback. If approved staff will begin with Phase 1 of the project; establishing a roadside tie-in during the April 2016 outage. Phase 2 is scheduled to begin during the summer.

Motion: A motion was made by Shannon McCann and seconded by Ron Stassi recommending Commission approval of the public works agreement with Northern Industrial Construction, Inc. which shall not exceed \$950,000 to construct a new 48” diameter pipeline to the Geothermal Plant 2, Unit 4 steam turbine. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Plumas-Sierra, Roseville, Santa Clara, and TID. ABSTAIN = Palo Alto and Port of Oakland. The motion passed.

- 4. All NCPA Generation Services Facilities, Members and SCPPA – Compliance Services, Inc.** – Staff provided information regarding the recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Compliance Services, Inc. in an amount not to exceed \$1,500,000 for operations and maintenance services for use at all facilities owned and/or operated by NCPA, its members and SCPPA or SCPPA's members; and authorize the general manager to approve purchase orders pursuant to the agreement totaling \$493,000 over five years for compliance with mandated Department of Transportation regulations at the Alameda CT1 project. Staff reviewed the procurement process and the scope of work related to the Alameda CT1 Natural Gas Supply Pipeline Project. The existing 2011 agreement is expiring soon.

Motion: A motion was made by Melissa Cadek and seconded by Shannon McCann recommending Commission approval of the five-year Multi-Task General Services Agreement with Compliance Services, Inc. in an amount not to exceed \$1,500,000 for operations and maintenance services for use at all facilities owned and/or operated by NCPA, by its members, by SCPPA, or by SCPPA members; and authorize the General Manager to approve purchase orders pursuant to the Agreement totaling \$493,000 over five years for compliance with mandated DOT regulations at the Alameda CT1 project. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Palo Alto, Port of Oakland and TID. The motion passed.

- 5. Hydroelectric Facility – Adit 4 Stockpile Erosion** – Staff explained that the Adit 4 is part of the power tunnel connecting McKays Point Reservoir to Collierville Powerhouse. Following tunneling in 1986, approximately 240,000 cubic yards of rock cutting spoils were loosely placed at a disposal site. Erosion of approximately 2000 – 4000 cubic yards of spoils have recently been discovered. Staff believes the failure likely occurred on December 22<sup>nd</sup>. California Department of Fish and Wildlife and Federal Bureau of Land Management have been notified. Staff's initial assessment of the failure is water intrusion into the spoils from perforations or plugging of water conveyance features. Detailed illustrations were presented.

Interim water bypass measures are underway to reduce the scope of damages and environmental impacts. Staff plans to begin a 2 phase project: 1) Interim site stabilization which includes investigation of a potential insurance claim; and 2) Design and construct permanent repairs which includes a necessary Basis of Design Analysis (BODR) and development of a safe and cost effective design. The BODR is expected by May or June.

Staff will continue with erosion control, address insurance and resource agency questions, and provide the Committee with updates as the project progresses.

- 6. NCPA Support Services Agreement** – Staff provided information regarding the recommendation for Commission approval of the Support Service Program Agreement. This Agreement is scheduled for Legal Committee review on February 12, 2016. This Agreement may include purchasing, engineering services, transmission and distribution planning, power marketing and analysis, employee training, human relations assistance, customer services and billing, power plant operations and professional services relating to the operation of a publicly owned electric utility. NCPA self-provided services under this agreement are limited to training, human resources assistance, assistance with NERC or other regulatory compliance and assistance in the form of student interns. Items specifically excluded from the agreement are the procurement of either energy or the attributes of energy, procurement of natural gas, services provided by NCPA pursuant to the Third Phase Agreements, and any on-going services which are provided by NCPA to its members through program agreements.

Staff explained the process for using this agreement as well the costs and payments associated with use of this agreement.

This agreement would not have an expiration date. The Commission may cancel with six months written notice to the members. A member may withdraw with 2 years written notice.

If this agreement is approved, approximately 56 existing agreements will need to be amended to allow those agreements to be used by members.

Motion: a motion was made by Ron Stassi and seconded by Mike Brozo to recommend Commission approval of the Support Services Agreement and delegate the authority to the General Manager to amend 56 existing services agreement so those agreements may be used by member under the Support Services Program Agreement – subject to Legal Committee review and approval. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. ABSTAIN = TID. The motion passed.

- 7. NCPA New Member Policy** – Staff provided information regarding the recommendation for Commission approval of the proposed New Member Policy. The New Member Committee has completed development of this policy. The policy has been reviewed by the Executive Committee and they are recommending approval. Staff reviewed the policy guidelines, identification of potential new members, requirements for application and screening process. The Executive Committee recommends no minimum buy-in be required. Potential new members require unanimous approval amongst existing members.

The Committee discussed the importance of proper screening of potential new members because once an entity is brought in as a new member; they cannot be forced to leave the agency.

Committee members' questions and comments for staff to consider:

- In regards to Generation Services, why is this limited to only Renewable Project Development.
- Minimum Screening Criteria – is this actually a list of minimum requirements? All or nothing? May need to clarify this.
- Request to acquire potential members' positions on certain key agency topics during the interview process.
- Need to make sure Jane Ratchye's comments and suggestions are incorporated in to final draft (regarding program participation analysis and schedule).

Motion: a motion was made by Shannon McCann and seconded by Ron Stassi recommending they provide the Committee's comments regarding "minimum" screening criteria, provision for Policy positions stated by potential members, incorporate Jane Ratchye's comments and suggestions, and clarify Western language. The Committee supports the policy. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. ABSTAIN = TID. The motion passed.

- 8. Natural Gas Pipeline Acquisition and Management Advisory Services Project** – Consultant, Roth Energy, is currently working on Task Order Number 1, to identify alternatives to the annual renewals of the NOVA and Foothills Pipelines. A draft of the final work product will be provided by Roth Energy for staff comment by March 16, 2016. The final work product will be provided by March 31<sup>st</sup>.

**9. Nexant Cost Allocation Model Billing Determinants** – The purpose of today’s presentation is to review current year Nexant Cost allocation model results with updated Calendar Year 2015 data, identify and review source and magnitude of changes to members’ costs that result from a change in the determinants. Today’s review does not include FY2017 budget amounts or anticipated changes to the Nexant Model allocators. Staff reviewed the Nexant Cost Allocation formula. The focus of this discussion is the resource determinant percentages. Staff provided a number of slides explaining the cost drivers for the changes in allocated amounts. The illustrations included: initial FY17 Nexant Cost Allocation model updated with CY2015 determinants, costs by member showing the magnitude of changes due to updated determinants, operating entity cost drivers, power pool cost drivers.

Issues that staff observed following the data input included high schedule counts identified with variable energy resources associated with PIRP.

Staff presented a preliminary FY2017 Nexant Cost Allocation. Following group questions and discussion, staff will review the data inputs further and bring their findings back for Committee review. Due to time constraints, a Special Facilities Committee meeting will be scheduled to discuss and review this matter further.

**10. Marin Clean Energy Request for Offer** – Staff updated the Committee on the status of the Marin Clean Energy (MCE) Service Proposal. The Agency will be submitting their Statement of Qualifications by the end of today. By February 10<sup>th</sup>, MCE will identify qualified respondents. Staff plans to present the Agency’s preliminary offer and terms at the February 11<sup>th</sup> Utility Director meeting. Staff will seek Commission approval of the Agency’s offer if ready by the February 25<sup>th</sup> meeting. A Special Commission meeting may be necessary as the final offer is due to MCE by March 9<sup>th</sup>.

**11. Power Management and Administrative Services Cost Allocation Study** – due to a time constraint, this topic was not discussed. A Special Facilities Committee meeting will be scheduled within the week.

**12. Schedule next meeting date** – the next regular Facilities Committee meeting is scheduled for March 2<sup>nd</sup>.

### **ADJOURNMENT**

The meeting was adjourned at 11:55am.