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Minutes

Date: February 4, 2021
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: February 3, 2021 Facilities Committee Meeting Minutes

- 1. Call Meeting to Order & Roll Call** – The meeting was called to order by Committee Chair Basil Wong (Santa Clara) at 9:03 am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Harbottle and Chiara Hanna (Alameda), Mark Sorensen (Biggs), Paul Eckert (Gridley), Jiayo Chiang, and Melissa Price (Lodi), CJ Berry (Lompoc), Shiva Swaminathan (Palo Alto), Mike Brozo (Plumas-Sierra), Jared Carpenter and Khaly Nguyen (Port of Oakland), Brian Schinstock (Roseville), and Steve Hance, Paulo Apolinario, and Eric Shum (Santa Clara). Owen Goldstrom (non-voting Member with TID) also attended via teleconference. Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Redding, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

OPEN SESSION

DISCUSSION / ACTION ITEMS

- 2. Approval of Minutes from the January 6, 2021 Facilities Committee Meeting.**

Motion: A motion was made by Jiayo Chiang and seconded by Basil Wong recommending approval of the January 6, 2021 Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 3. All NCPA Facilities, Members, SCPA – SEL Engineering Services, Inc. MTPSA – Staff** presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Professional Services Agreement with SEL Engineering Services, Inc. for protective relay and automation design, installation, testing, and commission services, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, NCPA Members, SCPA, and SCPA Members. All purchase orders will be issued following NCPA procurement policies and procedures.

NCPA currently has an agreement in place with SEL Engineering Services, Inc., which is running low on funds and is expiring. NCPA has utilized this vendor in the past, and has a good working relationship with the vendor. This is an enabling agreement with no commitment of funds. NCPA desires to enter into this agreement so established terms and conditions are in place should this vendor be the successful bidder on future projects. NCPA does not have any other agreements for similar services with additional vendors at this time. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the Commission Consent calendar.

Motion: A motion was made by Brian Schinstock and seconded by Jiayo Chiang recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Professional Services Agreement with SEL Engineering Services, Inc. for protective relay and automation design services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years, for use at all facilities owned and/or operated by NCPA, NCPA Members, by SCPPA, or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 4. All NCPA Facilities, Members, SCPPA – GEI Consultants, Inc. First Amendment to MTPSA –** Staff presented background information and was seeking a recommendation for Commission approval of a First Amendment to the five-year Multi-Task Professional Services Agreement with GEI Consultants, Inc. for dam safety engineering services to increase the not to exceed amount from \$1,000,000 to \$3,000,000, for continued use at all facilities owned and/or operated by NCPA, NCPA Members, SCPPA, and SCPPA Members. All purchase orders will be issued following NCPA procurement policies and procedures.

NCPA entered into a MTPSA with GEI Consultants, Inc. effective May 1, 2019 for an amount not to exceed \$1,000,000 over five years. This agreement has been used for multiple NCPA Hydroelectric Projects where GEI was consistently the lowest bidder. Projects including, but not limited to, the McKays Sediment Removal Basis of Design Report, Emergency Action Plan dam-break modeling/inundation mapping, and 5-Year Part 12 Inspections for FERC Project 11563, which were broadly announced to qualified engineering firms, and competitively bid in accordance with the purchasing policy. This agreement is now running low on funds and the amendment will increase the not to exceed amount from \$1,000,000 to \$3,000,000 to cover the remainder of the contract. This enabling agreement does not commit NCPA to any expenditure of funds. This agreement is still available for use at any facility owned and/or operated by the Agency, its Members, SCPPA, and SCPPA Members. NCPA currently has agreements in place with HDR Engineering, Condor Earth Technologies, AECOM, Black & Veatch, Gannett Fleming, GHD, and other engineering consultants for similar services. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the Commission Consent calendar.

Motion: A motion was made by Basil Wong and seconded by Brian Schinstock recommending Commission approval authorizing the General Manager or his designee to enter into a First Amendment to the Multi Task Professional Services Agreement with GEI Consultants, Inc., with any non-substantial changes as recommended and approved by the NCPA General Counsel, increasing the not to exceed amount from \$1,000,000 to \$3,000,000, for continued use at any facilities owned and/or operated by Agency, its Members, SCPPA, or SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 5. All NCPA Facilities (Except LEC) – d’Heurle Systems, Inc. MTGSA –** Staff presented background information and was seeking a recommendation for Commission approval of a five-

year Multi-Task General Services Agreement with d’Heurle Systems, Inc. (dHSI) for general mechanical, electrical, and control system engineering and consulting, with a not to exceed amount of \$2,500,000, for use at all facilities owned and/or operated by NCPA (except LEC). All purchase orders will be issued following NCPA procurement policies and procedures.

This is an enabling agreement with no commitment of funds. NCPA has worked with dHSI for over a decade. Projects that dHSI has supported during that time include being the lowest cost bidder for the programmable logic controller upgrades at Collierville Powerhouse, and New Spicer Meadow Powerhouse, and hydraulic upgrades at New Spicer Meadow Powerhouse. As such, dHSI is very familiar with NCPA’s Hydro hardware and control system logic as it exists currently. dHSI specializes in control systems, including sourcing materials, system integration, and commissioning, and has an unparalleled understanding of hydroelectric systems in particular. In addition, dHSI is based locally and has a relatively low overhead business model which often results in dHSI submitting very competitive bids that provide good value to NCPA. This agreement will be available for use at all facilities owned and/or operated by NCPA, except the Lodi Energy Center. NCPA currently has agreements in place for similar services with ABB, GE, Andritz Hydro, Siemens, and Wunderlich-Malec. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the Commission Consent calendar.

Motion: A motion was made by Jiayo Chiang and seconded by Shiva Swaminathan recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with d’Heurle Systems, Inc. for general mechanical, electrical and control system engineering and support, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not to exceed \$2,500,000 over five years, for use at all facilities owned and/or operated by NCPA, except the Lodi Energy Center. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 6. NCPA Geothermal Facility – Granite Construction Company MTGSA –** Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Granite Construction Company, to perform miscellaneous maintenance services including grading, excavation, paving, and concrete sealing, with a not to exceed amount of \$1,000,000, for use at any facilities owned and/or operated by NCPA, except the Lodi Energy Center facility. All purchase orders will be issued following NCPA procurement policies and procedures.

NCPA has utilized this vendor in the past, and has a good working relationship with the vendor. NCPA desires to enter into this agreement so established terms and conditions are in place should this vendor be the successful bidder on future projects. This is an enabling agreement with no commitment of funds. This agreement will be available for use at all facilities owned and/or operated by NCPA, except the Lodi Energy Center. NCPA has in place agreements for similar services with Brian Davis dba Northern Industrial Construction, Gifford’s Backhoe Services, Inc., Epidendio Construction, Inc., and Rege Construction. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the Commission Consent calendar.

Motion: A motion was made by Shiva Swaminathan and seconded by Basil Wong recommending Commission approval authorizing the General Manager or his designee to enter into a Five Year Multi-Task General Services Agreement with Granite Construction Company for general maintenance services, including grading, excavation, and paving, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000, for use at any facilities owned and/or operated by NCPA, except the Lodi Energy

Center facility. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 7. NCPA Geothermal Facility – Beigel Property Grant of Easement and Easement Agreement –** Staff provided background information and was seeking a recommendation for Commission Approval for a five-year Grant of Easement and Easement Agreement with Patricia C. Beigel, granting NCPA easement over existing private roads, for use at NCPA’s Geothermal Plant only.

NCPA employees have to cross property owned by the Beigel family to access NCPA-owned transmission towers. Payments to the Beigel family have been made every five years since the original Grant of Easement and Easement Agreement was executed on December 17, 1980. Payment amounts are calculated and tied to the increases in the Consumer Price Index.

NCPA desires to put a new Grant of Easement and Easement Agreement in place to replace the previous Agreement. The new agreement will have a five year term through 2025, with the option to extend it for three successive five year terms through 2045. If approved, a payment of \$6,934 will be made to the Beigel family for easement access for the initial five year term.

Motion: A motion was made by Basil Wong and seconded by Mark Sorensen recommending Commission approval delegating authority to the NCPA General Manager or his designee to enter into a Grant of Easement and Easement Agreement with the Beigel family, for a term of five years beginning October 1, 2020, with any non-substantial changes recommended and approved by the NCPA General Counsel, for use at NCPA’s Geothermal facility. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. ABSTAIN = Palo Alto. The motion passed.

- 8. Nexant Cost Allocation Model Billing Determinants –** Staff reviewed the finalized calendar year 2020 billing determinants that will be used in the FY 2022 Nexant Cost Allocation Model. The prescribed Nexant determinants are appropriate for use as allocators in the cost allocation model. This review did not include offsetting Power Management services revenues. Staff was seeking a recommendation for Commission approval of the recommended modification to the model.

For the allocation of Power Management costs to BART and Pool Members, contract deals contain two distinct attributes for use as allocators: 1) Contract Hours; and 2) Contract Counts. The Nexant Studies recommended that these two determinants be melded into a single rate based on a ratio of long term and short term contract deals, which positively correlated with the work performed by Pre-Scheduling and Dispatch staff. As NCPA’s scheduling activities have evolved over time, staff proposes to modify the existing melded contract rate to a simple average of Contract Hours and Contract Counts. This change better aligns the use of weighted contract deal determinants for use as allocators, and is consistent with the existing Commission-approved, and long-established method used to allocate settlements-related costs.

The proposed recommendation is to modify the weighted average calculation used for the Pool & BART Contract percentage rate to a simple average of Members’ proportionate shares of Contract Hour, and Contract Count Percentages. This change applies to FY 2022, and future years to the extent that the current Nexant Model is used.

After much discussion with the Committee, Plumas-Sierra has requested NCPA staff consider an alternative way for allocation of costs due to circumstances way beyond their control in September and October 2020. Due to PG&E outages and wildfires, resulting in stranded load events, Plumas-Sierra’s contract counts were triple what they normally are. Staff will re-evaluate the allocation of Power Management costs, and bring this item back next week to the Special Facilities Committee meeting February 10, 2021 for review and recommendation.

INFORMATIONAL ITEMS

- 9. Replacement Capacity for Collierville Dual Unit Outage** – Staff presented a recommendation to the Facilities Committee to authorize NCPA to purchase replacement Resource Adequacy capacity for the Collierville dual unit outage scheduled in CY 2021.

Planned outage requests are subject to CAISO review. The CAISO may issue a POSO, which is a requirement to supply substitute or replacement RA. Lack of substitution or replacement RA may result in a planned outage being rejected by the CAISO. To ensure NCPA is able to perform the planned maintenance during the CY 2021 Collierville dual unit outage in October, staff would like to propose the authorization to procure substitute RA for approximately 124 MW during this time. The allocation cost of the procured substitute RA will be billed to participants based on the claimed or sold RA volumes. NCPA procurement authority falls under the Facilities Agreement Section 4.3(c)(5) for Project Maintenance, and Facilities Schedule 7 North Fork Stanislaus River Hydroelectric Development Project Operating Procedures.

Staff propose an Amendment to Facilities Schedule 7, Section 4.7 – Outage Coordination, with additional language to add delegation of authority to NCPA for purchase of substitute RA to enable outage coordination to be scheduled and performed. Members will have the opportunity to provide their own alternate RA supply as a self-provision. If the voluntary substitute RA is not supplied by a project participant, NCPA would be authorized to purchase the substitute RA by adding this amendment. The cost incurred for substitute RA will be allocated to participants based on the RA claimed or sold, and adjusted for a self-provision. Staff will present the Amendment to Section 4.7 of the Facilities Schedule 7 at the March 2021 Facilities Committee meeting for discussion. Due to the scarcity of RA in October 2021, preference is to move forward with substitute RA solicitation in the near future.

- 10. SFWPA PPA and Member Third Phase Agreement** – Staff gave an update and review of the draft Power Purchase Agreement (PPA) and Third Phase Agreement for the South Feather Water and Power Hydroelectric project.

NCPA is working with South Feather Water and Power Agency (SFWPA) to negotiate a Power Purchase Agreement. The South Feather Power Project includes the Woodleaf Powerhouse – 60 MW, Kelly Ridge Powerhouse – 11 MW, Sly Creek Powerhouse – 13 MW, and Forbestown Powerhouse – 39 MW. Products include energy, RA capacity, ancillary services, RPS, and carbon free attributes. The projected effective date of services is to begin January 1, 2022. NCPA will purchase all of the output from the Project, and will schedule, dispatch, and optimize the Project. SFWPA will operate and maintain the Project. The initial proposed term for the PPA is for 10 years, with an extended delivery term option for the seller to extend the agreement another 10 years.

Staff will strive for an all-in compensation of \$50.00 per MWh. The compensation structure will include RA attributes at \$6.25 for a kW-month with a defined revenue stream, base energy output at \$35.00 per MWh with a defined revenue stream, and the variable energy output at \$33.98 per MWh with a variable revenue stream. The assumed average annual production is 477,369 MWh.

The purpose of a Third Phase Agreement is to enable NCPA to enter into the PPA on behalf of the Members, authorize NCPA to engage in all activities related to such purpose, and to specify the rights and obligation of Members. The Third Phase Agreement is written as a take-or-pay agreement with the obligation of Members to pay for all Project costs and administrative costs, including invoicing and settlement provisions, security deposit requirements, and governance and legal obligations. The Legal Committee is reviewing the Third Phase Agreement tomorrow, February 4, 2021.

Next steps in the process include defining scheduling procedures, review of indemnification provisions, refinement of outage coordination, and the term of the extension notice for the PPA. Then Member Project Subscriptions will take place. These agreements will be brought back to the Facilities Committee for review and a recommendation for Commission approval. Upon Commission approval staff will reach out for Member approvals, and then resource integration. Please contact Power Management staff with any questions you may have.

- 11. San Jose Clean Energy (SJCE) Services Agreement Extension** – Staff provided an update regarding an extension to the San Jose Clean Energy Services Agreement to extend the term of services through August 1, 2022.

SJCE has expressed interest to extend the Services Agreement through August 31, 2022. SJCE also requests that the balance of the agreement terms and conditions remain unchanged. NCPA will continue to schedule SJCE under the NCPA SCID NSJC, retain the scope of services, and the compensation will be escalated at 2%, or \$668,561, for the extension period.

Pursuant to Section 12 of the Services Agreement, SJCE maintains a security deposit with NCPA to mitigate the risk of default. SJCE's security deposit is a function of its open position, and as such the security deposit amount will be adjusted accordingly, as needed.

Staff will finalize Amendment No. 3 to the Services Agreement, to extend the term of services through August 1, 2022. The final Amendment No. 3 to the Services Agreement will be brought back to the Facilities Committee for final review and a recommendation for Commission approval.

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

South Sutter Water District (Camp Far West) – Staff is currently developing a PPA.

Eldorado Irrigation District (P184 Powerhouse) – An indicative offer has been submitted, and is under consideration.

SFWPA (South Feather Hydroelectric) – The final PPA is under development, as well as a Third Phase Agreement. Member subscriptions will follow. Staff will bring this item back to the Facilities Committee for final review and approval once completed.

Glover Solar – The final PPA is under development. Staff will bring this item back to the Facilities Committee for final review and approval, in either March or April, before moving forward.

NCPA Renewables RFP – Review of additional proposals is underway. Please contact staff regarding interest in projects.

- 13. NCPA Hydroelectric Facility – McKays Point Reservoir Sediment Removal Project** – Staff gave an update regarding ongoing project design, planning, and permitting activities.

Bathymetric surveys have been performed in the years of 1997, 2000, 2005, 2011, and 2018. As of the 2018 survey 519,040 cubic yards of sediment were currently in the McKays Point Reservoir. The reservoir storage has decreased 322 acre-feet from 2,169 to 1,847 acre-feet over 30 years. The 1997 Sourgrass Landslide, and 2017 flood events account for 87% of the sediment in the reservoir. The long term average sedimentation rate is approximately 11.3 acre-feet per year.

The project goals and objectives include the removal of the sediment from the reservoir to restore storage capacity, with minimal adverse impacts to the environment, power productions, and the

NCPA Project Participants. Other objectives include restoration of the functionality of the low level outlet, reduction of sediment on the dam, restoring the sediment trap upstream of the Cofferdam, reduce hazards of turbine damage by the sediment, reduce costs of clearing debris from the Collierville Powerhouse intake by divers, and relocate the sediment for beneficial use. The approximate level of the sediment is currently at 3,236 feet in elevation with the maximum allowable sediment level at 3,250 feet.

Staff propose a one-time major sediment removal of 300,000 cubic yards to provide a moderate level of protection against future projects. With a sedimentation rate of 18,200 cubic yards per year, the next cleanout will be needed in approximately 16 years, in 2040. Sediment removal options include excavation in the dry, mechanical dredging, and hydraulic dredging, which is not considered feasible for McKays Point due to the lack of an adequate dewatering area, and interbedded debris in the sediment.

The Basis of Design Report for feasible project alternatives include: 1) Excavate in the dry with a two year project removing 300,000 cubic yards at 2,450 cubic yards per day for 123 days; 2) Mechanical excavation with a two year project removing 300,000 cubic yards at 2,150 cubic yards per day for 140 days; or 3) Mechanical excavation with a one year project removing 200,000 cubic yards at 2,150 cubic yards per day for 93 days. Mechanical excavation is the preferred alternative based on cost, environmental impact, and ease of construction. The two year sediment management project, removing 300,000 cubic yards of sediment using mechanical dredging methods, is preferred for the following key reasons: 1) Lower overall cost compared to excavation in the dry; 2) Minimal impacts to reservoir, and powerhouse operations; 3) No impact to water supply commitments including fish flow, instream releases, and consumptive deliveries; 4) Minimal impact by weather conditions; and 5) Lower overall construction risks. The estimated project costs for the preferred method of removal is between \$49 million and \$75.4 million depending on where the sediment is relocated. Next steps in the process include securing rights to use sediment relocation sites, an environmental review process, and to continue discussions regarding the long term sediment management strategies, assuming 11.3 acre-feet of annual storage loss.

14. NCPA Generation Services Plant Updates – Plant Staff will provide the Committee with an informational update on current plant activities and conditions.

Hydro – Maintenance was performed at the Utica Dam on a stem section that was exposed due to low water and snow levels. The last time this section of stems was exposed was in 2013. Better to fix these now than to have divers underwater performing the maintenance. The snow cat at the Hydro Facility experienced a mechanical failure during the month of January. There were many downed trees during the month as well due to high winds. New Spicer Meadow is currently at 66,558 acre-feet. January was a better month for precipitation and snow. The precipitation is currently at 60% of average with the snow pack at 73% for central California.

CTs – January was a quiet month for the CT Projects, with no forecasted or actual starts for either of the CTs. There were no forced or planned outages for the month either. Staff reported that Air New Zealand identified CT2 particles that were found, through lab results, as plating from a nut. Not a problem at this time.

Geo – There were no safety incidents for the month January, however it was a month of fire, wind, and ice. High wind incidents occurred January 18 – 19, 2021, at the Geo Facility, including a transmission induced fire near Calpine's McCabe Power Plant Units 5 and 6, NCPA Plant #2 structures damaged from the high winds, and the Plant Manager de-energized the SEGEP 21kV distribution line to mitigate risk. The oil shed and cooling tower were damaged at Plant #2. The Geo Facility received two feet of snow January 26 – 27, 2021. The average net generation for January was 87.8 MW, with the estimated total net generation at 65.3 GWh. The FY 2021 net generation is at 452.6 GWh YTD, exceeding the forecasted total of 440.3 GWh YTD, at 2.8%

above forecast. Plant #2 was in a PG&E out due to maintenance on the Fulton Transmission Line from January 25 – 30, 2021. Maintenance was done on the plant during this time.

15. Planning and Operations Update –

- COVID-19 Update – Dual operations continue for the NCPA dispatch and scheduling functions. Ongoing efforts are still in place to protect the health and safety of staff.
- New Resource Integration – Altamont Wind (EBCE), and BART Renewables have been integrated into the portfolio. Camp Far West and SFWPA Services Agreement are in the final phases, so integration is still pending.
- Key focus of the Resource Adequacy Policy includes CAISO RA enhancements, CPUC central procurement, and impact of resource eligibility.

16. Next Meeting – A Special Facilities Committee meeting is scheduled for February 10, 2021 to review the FY 2022 annual budget. The next regular Facilities Committee meeting is scheduled for March 3, 2021.

ADJOURNMENT

The meeting was adjourned at 1:03 pm.