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Minutes

Date: February 15, 2022
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: February 10, 2022 Special Facilities Committee Meeting Minutes

- 1. Call Meeting to Order & Roll Call** – The meeting was called to order by Committee Chair Jiayo Chiang (Lodi) at 1:03 pm. Attending via teleconference and on-line presentation were Alan Harbottle, Roger Yang, and Robert Orbeta (Alameda), Mark Sorensen (Biggs), Catalina Sanchez and Cliff Wagner (Gridley), Melissa Price (Lodi), Matthew MacDonald (Lompoc), Shiva Swaminathan (Palo Alto), Mike Brozo (Plumas-Sierra), Khaly Nguyen (Port of Oakland), Nick Rossow (Redding), Brian Schinstock (Roseville), and Basil Wong and Steve Hance (Santa Clara). Owen Goldstrom (non-voting Representative with TID) attended via teleconference. NCPA staff attending are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

OPEN SESSION

INFORMATIONAL ITEMS

- 2. Overview of FY 2023 Annual Budget** – Staff presented an informational overview and summary of the agency FY 2023 proposed budget.

Commission direction was received in October 2021 for the FY 2023 budget. Staff preparation began in November 2021. Member reviews are presented during February and March 2022 at the Facilities Committee meetings, LEC PPC meetings, Legislative and Regulatory meetings, Utility Director's meetings, and to the Commission in March 2021. Final review and Commission approval is scheduled for April 28, 2022.

Issues impacting the FY 2023 budget include new union MOUs (IBEW and HEA) effective December 19, 2021, with general salary increases at 3.25%, the PERS Pension which is relatively flat from the prior year, OPEB contribution, which is reduced by \$1 million to reflect UAL super funded status, and medical with a 5% increase. Other issues include capital and maintenance of assets, the CPI index as of August 2021 trending over 5%, preventative maintenance schedules and replenishment of reserves, risk mitigation, insurance and forward curves and impacting changes in the budget.

Regular operating and maintenance for the plants is targeted for a 5% increase, with other costs at 3%. Transmission costs will be based on the published rate, while CAISO energy load costs are based on the forward curve. Pass-through accounts and capital outlay review, will be presented at a later time. Budget reductions made in FY 2022 related to planned FY 2021 encumbrances are being added back to FY 2023 budgets at approximately \$1,100,000. The total adjusted net annual budget cost is approximately \$456,404,606 for a total increase of \$1,023,149.

3. Generation Services Budget Presentation – Staff presented an informational review on the Generation Services Facilities initial proposed budget for FY 2023.

Generation Services Shared

This review included Generation Services shared FY 2023 proposed budget and projects under operations and administration. The proposed budget under operations is increasing \$17,000 due to engineering based on two studies, contract services reflects annual GS CMMS software cost, and the NERC budget increase based on the Cold Weather Standard review and analysis. The proposed budget under administration is increasing approximately \$111.00 for a total budget increase of approximately \$17,111. The only proposed project is the Inter-Agency Resource Plan for an estimated cost of \$200,000. This project falls under the NCPA Strategic Plan (2021-2026) to develop an Inter-Agency Resource Plan based on Member IRPs.

Geothermal Facilities

- Labor costs flat due to the decrease in OPEB unfunded liability
- The total routine O&M costs proposed is \$18,108,006, increasing by \$304,568
- The total proposed O&M budget is \$34,381,020, decreasing \$76,352, at 0.2% less than FY 2022
- The proposed amount for Capital Projects is \$607,500, \$3,763,000 for operations and maintenance, and \$2,630,000 for the Maintenance Reserve totaling \$7,000,500 for all projects
- The total proposed FY 2023 budget for Geo is approximately \$41,381,520, an overall increase of \$719,148, at 1.8% over FY 2022
- 30% reduction of debt service at \$1,480,143

The proposed Geo Capital Projects include: 1) Plant 2 Fire System Modernization; 2) Geo Admin and Maintenance Facility Upgrade; 3) Plant 2 Diesel Tank; 4) Vehicle Replacements; and 5) Enterprise Monitor Systems Upgrade (Field and Effluent). The Maintenance Reserve Project this year is for pre-collection for future overhauls and well workovers. The proposed O&M projects include: 1) Plant, Yard, and Road Repairs; 2) SEGEP Surge Tank Replacements; 3) Plant 1 13.8kV/2.4kV/480V Bus Restoration; 4) Plant 1 Intertie Switch – Engineering; 5) Plant 1 Cooling Towers Refurbishment – Installation; 6) Plant 2 Cooling Tower Basin Clean Out; 7) Plant 1 and 2 Eyewash Stations; 8) Plant 1 Towerbrom Study (Stretford Replacement); 9) Plant 2 HVAC Refurbishment – Procurement and Installation; and 10) Plant 1 and 2 Insurance Risk Mitigation.

Financial projections for the Geo budget assumptions are based on the Power Management forecast for FY 2023. The financial assumptions include renewable energy credits RECs (Bucket 1) valued at \$12.75 per MWh, and resource adequacy (RA) at \$71.00 per kW-Y. Average Day Ahead price is \$62.93 per MWh, and Day Ahead energy sales is \$42,271,192. The generation forecast for FY 2023 is 671.7 GWh. The total value of the RECs is \$8,564,392, with the total RA valued at \$5,444,282 for a combined total of \$14,008,674. The FY 2023 value of energy sales, RECs, and RA is \$56,279,866. The net cost to Members is decreasing by \$3,709,714.

Combustion Turbine No. 1

Staff reviewed and discussed budget assumptions. Projects identified are based on continued operation of the units until all Members have reached their climate objectives. CT1 has permit limited operation.

- The total proposed FY 2023 CT1 budget is \$5,670,618, decreasing by \$1,384,066
- Net cost to Members is \$2,380,973, for a decrease of \$3,159,953, due to increased revenues
- Total O&M cost is \$175,000

Staff is proposing two O&M Projects which include: 1) Risk Mitigation; and, 2) Fuel System Pressure Control. There are no proposed Capital Projects.

Combustion Turbine No. 2

Staff reviewed and discussed budget assumptions. The CT2 debt will be paid off in 2025. Air New Zealand has completed services to the LM5000, which ended in 2021. Staff expects STIG will retire in 2026, or shortly thereafter. The STIG can be upgraded and repowered with an LM6000.

- The total proposed FY 2023 CT2 budget is \$10,337,108 increasing by \$1,054,991
- The net cost to Members is \$3,698,357, a decrease of \$2,261,946, due to increased revenues
- Total O&M cost is \$220,000

Staff is proposing two O&M projects which include: 1) Risk Mitigation; and 2) Water Plant Service. There are no proposed Capital Projects.

Hydroelectric Facilities

- Routine O&M costs are increasing approximately 5% at \$212,379
- Labor is increasing approximately \$102,348, at 2%
- Total routine O&M cost plus labor is increasing by \$314,727 for a total routine O&M proposed budget of \$10,197,027
- The total proposed projects budget is \$4,270,000
- The FY 2023 proposed total Hydro budget is \$56,161,993, increasing by \$2,080,820
- The debt obligation is the largest part of the Hydro budget which is \$37,545,502

The proposed O&M projects for Hydro were presented which include: 1) Union Dam Maintenance; 2) Collierville Transformers Maintenance; and 3) Collierville Cooling Water Pumps. Vehicle Replacement is under general and plant projects. The Capital Development Reserve Projects include: 1) McKays Reservoir and Dam Betterment (Clean Out); and 2) Beaver Creek Dredging.

The proposed FY 2023 Hydro budget revenue assumptions is \$50,303,298, which is an increase of \$25,344,740, including ISO energy sales, ancillary services sales, and interest income. The net cost to participants will be approximately \$5,858,695, which is a decrease of \$23,263,920.

4. Power Management Budget Presentation – Staff presented an informational review of Power Management’s purposed budget for FY 2023.

The proposed Power Management program costs are increasing by approximately \$348,765, from \$12,391,875 to \$12,740,640 or 2.8%. Increases to the FY 2023 proposed budget include Power Pool Operations and Settlement Standards, System Control and Data Acquisition, Pre-Scheduling,

and Contract Administration. Areas decreasing include NERC/WECC Compliance, the Gas Purchase Program, the Market Purchase Program, and Dispatch and Real-Time Resource Management. Estimated FY 2023 Services Revenues total \$2,513,425, bringing the net FY 2023 proposed budget to \$10,277,215. There are no Power Management projects proposed for FY 2023.

5. Administrative Services Budget Presentation – Staff presented an informational overview and presentation on Administrative Services proposed budget for FY 2023.

The FY 2023 proposed annual budget for Administrative Services and Executive Services is \$17,707,687, increasing by \$1,139,093. Increases include Travel and Staff Development, Outside Services, and Contingency. Areas with a decrease include computer hardware, software, and communications, and office furniture and equipment. Allocation of administrative and general costs is 50% each based on direct labor, and program budget cost. Allocation of the occupancy costs to the business units is based on the square footage used in the main administrative building, effective usage of office equipment, and telecom units assigned. Allocation of project and programs is based on direct labor. There are no Administrative Services projects proposed for FY 2023.

ADJOURNMENT

The meeting was adjourned at 5:12 pm, by the Committee Chair.

**Northern California Power Agency
February 10, 2022 Special 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	✓
LOMPOC	✓
PALO ALTO	
PLUMAS-SIERRA REC	✓
PORT OF OAKLAND	✓
REDDING	✓
ROSEVILLE	✓
SANTA CLARA	✓
TID	✓ (non-voting)
UKIAH	

