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Minutes

Date: February 14, 2014
To: NCPA Facilities Committee
From: Trisha Hubbard
Subject: February 12, 2014, Special Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Marty Hostler (Lompoc) at 9:06am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Steve Hance and Jan Pepper (SVP), Basil Wong (Port of Oakland), Lindsay Battenberg, Carl Nolen and Alan Hanger (Alameda), Owen Stiles (Gridley), Monica Padilla and Chris Hutchinson (Palo Alto), and Steve Hollabaugh (Truckee Donner PUD) Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from Biggs, Healdsburg, TID and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No members of the public were present.

- 2. Determinants and Power Management Nexant Cost Allocation Model for FY15** – Bob Caracristi provided a presentation that described in detail the following proposed changes to the Nexant Cost Allocation Model:
 1. Modify Nexant ‘Step 2’ allocation parameter for allocation of applicable costs to Pool members based on 1/3 loads, 1/3 contracts, and 1/3 pool resources.
 2. Revise and redistribute total Pre-Scheduling labor hours and Allocation of Direct Costs to reflect the percentages indicated in Table 3, adjusted to account for actual amount of time performing pre-scheduling activities for the Lodi Energy Center.
 3. Exclude Hour Ahead Counts as input determinants into the Nexant model that are associated with fractional quantity changes from the corresponding Day Ahead Schedule.
 4. Exclude real-time internal Final Schedules as input determinants into the Nexant Model associated with Santa Clara’s DVR generating facility.
 5. Use average of LEC total ESP accounts for each awarded product category as calculation method of determinants for use in Nexant model.
 6. Exclude Hour Ahead schedule counts associated with Participating Intermittent Resource Program (PIRP) resources
 7. Revise and redistribute total Pre-Scheduling labor hours and Allocation of Direct Costs to reflect termination of Truckee-Donner’s Power Management Agreement.

8. Exclude contract deals related to Palo Alto's COT Lay-Off capacity agreements.

Bob Caracristi reviewed the cost drivers for the modification. He reviewed the schedule counts in 2013 compared to the schedule counts in 2012.

The group discussed how resources were determined to be Pool Resource when the Nexant Cost Study was conducted years ago. There is no real explicit explanation as to the determining process. There was a matrix reviewed and agreed upon amongst staff and Committee members. The Committee requested that NCPA staff identify why Western is not identified as a Pool Resource.

Dave Dockham reminded the group that the 1/3 Pool Allocation has already been agreed upon. If the Facilities Committee would like to change that decision in a substantive way they need to retract the 1/3 agreement. The Committee should keep in mind that a new cost study will be conducted in the coming year.

Motion: A motion was made by Monica Padilla and seconded by Melissa Price to recommend Commission approval to modify Nexant 'Step 2' Allocation Parameter for allocation of applicable costs to Pool members based on 1/3 loads, 1/3 contracts, and 1/3 pool resources excluding Western. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, and Palo Alto. NO = Gridley. ABSTAIN = Plumas-Sierra, Roseville, and Santa Clara. The motion did not pass.

Motion: A motion was made by Marty Hostler and seconded by Monica Padilla to recommend Commission approval of NCPA's recommended Nexant Cost allocation model modifications as presented – specifically items 2, 3, 4, 5, 6 and 8. Item 7 regarding Truckee Donner was deemed to be strictly informational at this time. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Roseville, and Santa Clara. NO = Gridley. ABSTAIN = Plumas-Sierra. The motion passed.

3. Allocation of Charges Associated with Scheduling Errors – The issue regarding the event that occurred in December was reviewed. As a result of this scheduling error Santa Clara is requesting SCPA signatories to consider a proposal for 'socializing' the costs of this type of error.

Santa Clara's proposal: Assume that the load that was uploaded to the CAISO is allocated to all NCPA members based on their submitted (to NCPA) load schedules.

Alameda would prefer that this Santa Clara proposal for socializing the costs be memorialized in the SCPA somehow. Staff indicated that this change would in fact be reflected in Appendix B of the SCPA in the form of a change to the CAISO Charge Codes.

Lodi stated that their Utility Director has asked that this be brought to the next Utility Director meeting for further discussion on the basis of this being a policy issue.

Palo Alto agreed that on a potential policy change basis their Utility Director does not support the proposal.

Alameda requested that this issue also be discussed at the next Utility Director meeting.

Tony Zimmer will draft a modification to the SCPA Appendix B as if Santa Clara's proposal were to be adopted just as a reference. However, this issue will be tabled until further discussions take place at the next Utility Director meeting.

- 4. Generation Services, Power Management, and A&G FY2015 Budget Review and Power Supply Forecasts** – Donna Stevener opened the discussions and stated that the Commission provided NCPA staff guidance on this year's budget process and asked that the budget increase be limited to 2 %.

Generation Services

Generation Services overhead budget was presented with an overall reduction of 27%. The labor component is still under review

Hydro Project – Routine O&M total will see a decrease of approximately 1.7%. Staff is proposing to decrease the projects budget by 10%. Each of the proposed projects was presented and discussed in detail.

Geothermal Project – The O&M budget is decreasing by 3%. There will be an overall budget decrease of approximately \$1.678million. Each of the proposed projects was presented and discussed in detail. There are no capital projects proposed for this budget.

CT1 – there will be an overall decrease in the O&M project funding.

CT2 – there will be a slight increase in the O&M projects

Each proposed project was presented and discussed in detail.

Roseville pointed out that the replenishing of the maintenance reserve fund was not reflected in today's budget presentation.

Power Management – The overall budget will see an increase of approximately \$155,000. Labor hours has been distributed amongst the Nexant Cost Allocation model (not a direct charge program).

The areas of focus for Power Management will include the Power Management cost allocation study, CAISO Market initiatives, Member request management system (tracking system), and Sharepoint – contract administration system.

Reviewed the minor changes in the Power Management budget levels since a peak in FY08 in the face of increasing complexities.

Judicial Action amounts remains flat.

Administrative and General - the non-labor operating budget will see a decrease of 1.7% Proposed projects totaling \$711,000 were presented and discussed in detail.

Donna Stevener reviewed the budget process timeline. The first draft of the complete budget will be distributed to the members on March 7th. She anticipates staff will seek Commission approval of the budget at the April Commission Meeting.

ADJOURNMENT

The meeting was adjourned at 12:16pm.

