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Minutes

To: NCPA Facilities Committee
From: Michelle Schellentrager
Subject: January 4, 2017 Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Melissa Price at 9:02am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger, Barry Leska and Debbie Whiteman (Alameda), Mark Sorensen (Biggs), Tikan Singh (Lompoc), Monica Padilla (Palo Alto), Basil Wong (Port of Oakland), Mike Brozo (Plumas-Sierra), Steve Hance and Kathleen Hughes (Santa Clara). Those attending in person 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.

- 2. Approve minutes from the December 7th, 2016 Facility Committee meeting.** Monica Padilla noted that Chris Hutchinson had attended the December Meeting and requested the list of attendees be corrected. A motion was made by Shannon McCann and seconded by Alan Hanger recommending approval of the December 7th, 2016 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. Hydroelectric Facility – North Fork Tunnel Maintenance Project** – Staff provided an update on three Hydro projects recently completed: North Fork tunnel maintenance, McKays Point drain reaming, and the Collierville Powerhouse roof sealing.

Staff reviewed all of the steps required to successfully complete each of the projects, and were able to provide Members with pictures detailing the state of each project before, during, and after completion. All three projects were completed successfully; based on the original estimated costs, all projects came in under budget. Members gave feedback that they appreciated the updates staff provided.

- 4. Hydroelectric Facility – State Water Resources Control Board San Joaquin River Water Quality Control Plan Substitute Environmental Document** – Staff provided an overview on the recirculated draft Substitute Environmental Document from the State Water Resources Control Board regarding the Delta Flow Criteria and San Joaquin River Flow Objectives. This document outlines the SWRCB's goals, not the actual steps to reach those goals.

The San Joaquin River Watershed does not produce enough water to support the ecosystem or meet the demands from farmers and consumers. The report summarizes the SWRCB's recommendation, which is to allow 40% unimpaired flow on the San Joaquin River and its tributaries (Stanislaus, Tuolumne, and Merced). This 40% should have negligible impact on NCPA's hydro facilities/operations, with an estimated fiscal impact of <\$25k/year.

NCPA is working with ECORP Consulting to review these recommendations. The comment period on this draft has been extended through mid-January. Our consultant was not planning on recommending NCPA comment on anything, as this report does not include a plan or outline, so there is nothing substantive for NCPA to comment on at this point.

Ken Speer noted that the SWRCB's initial recommendations may not impact NCPA watershed, however, in the future NCPA could be asked to release water sooner than we typically do (to offset shortages from those who hold water rights claims), and that would impact NCPA's hydro operations. Additionally, NCPA will be up for FERC relicensing in 2030, which could also prove to be difficult as a result. Other staff expressed concerns about the possibility of mandated conservation. Randy Howard recommended that staff work with our consultant to explore potential fiscal impacts for NCPA should the SWRCB decide to implement water conservation efforts.

- 5. Condor Earth Technologies Services Agreement** – Staff recommended approval of a 5-year Multi-Task Professional Services Agreement with Condor Earth Technologies, Inc. with a not-to-exceed amount of \$1,000,000. This Agreement will allow Condor Earth Technologies to provide various professional and engineering services to NCPA, including mapping and land surveying, construction observation and testing, and other miscellaneous engineering tasks to support project and plant operations. A draft Commission Staff Report and a presentation were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Shannon McCann recommending Commission approval of a Multi-Task Professional Services Agreement with Condor Earth Technologies, Inc. for engineering consulting services related to project support and plant operations, with any nonsubstantial 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, its members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 6. Report on NCPA Major Insurance Renewals Update**– Staff provided an update on NCPA's insurance renewals.

Staff outlined the cost of NCPA's previous coverage, and compared it with the rates for the renewed coverage. The final rates were significantly lower than the proposed rates that were approved by the Commission in December. NCPA's Workers' Compensation rates were 48.46% lower than the expiring policy premium, with the total NCPA insurance cost (Property, Casualty and Workers' Compensation) being 22.69% lower than the forecasted amount.

- 7. Power Supply Assumptions** – Staff provided an informational overview of NCPA's FY 2018 Power Supply Budget Assumptions.

Staff reviewed the factors that are plugged into the PLEXOS model in order to generate the market price assumption forecast for FY 2018. Staff reviewed the specific data that was utilized from each of NCPA's generation facilities (Geothermal, Western, Natural Gas, etc.). Summaries of the estimated ancillary costs and revenue summaries for LEC and Hydro were outlined in the presentation and reviewed with the Committee.

Staff also provided a brief update on the Gas Transport Rate Case. PG&E's rate case was approved in June 2016, and will cover rates through 2019. In December, the CPUC stated that a portion of the \$850M penalty related to the San Bruno gas line explosion would be returned to PG&E gas customers in the form of reduced gas prices. This decision will help to offset some of the anticipated price increases in CY 2018.

Staff intends to have a final budget input submitted to NCPA Accounting Division by mid-January, with the final FY 2018 Power Supply Models distributed to members by January 19th.

- 8. Revised Attachment A to BART SMSA** – Staff recommended approval of Amendment 3 to the BART SMSA, which includes revising Attachment A. This revision is needed to clarify the new services NCPA will be providing to BART (including scheduling BART's load and all resources). BART will be wholly responsible for any and all costs associated with activities performed by NCPA under this revised agreement. There will not be a defined expiration date (the expiration date of the SMSA applies to the updated Attachment A).

Motion: A motion was made by Basil Wong and seconded by Shannon McCann recommending Commission approval of Amendment No. 3 to the BART SMSA, which includes a revised Attachment A that is attached to and made part of the BART SMSA, to clarify the services NCPA shall supply to BART and to Authorize the General Manager of NCPA to execute Amendment No. 3 to the BART SMSA, on behalf of NCPA, including any non-substantive modifications to Amendment No. 3 to the BART SMSA approved by NCPA's General Counsel.. 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.

- 9. Renewable Energy Purchase, sPower** – Staff was recommending Commission approval of a Third Phase Agreement for Renewable Energy Power Purchase Agreement with Antelope Expansion 1b, LLC and a Power Purchase Agreement between Antelope Expansion 1b, LLC and NCPA.

Staff reviewed the NCPA Members participating in these Agreements, and how many MW shares each Member intended to purchase. Staff also gave the Committee background on the Antelope Expansion 1b Facility. This transaction will be treated as an NCPA Project, which protects non-participating Members from any direct/indirect costs associated with this project.

Staff also discussed some of the key provisions, including terms under which the PPA could be terminated. Staff feels the terms are favorable to NCPA and that they indicate that sPower is confident in this project and their ability to meet all of the requirements of the agreement. The Committee seemed interested in the Purchase Option (which will be available to NCPA at the end of the 10th, 15th and 20th years), however, they recommended that staff discuss the buyout cap further with sPower prior to finalizing the Agreements. Healdsburg also expressed interest in joining.

The Committee recommended that staff wait to vote on these Agreements until after discussions with sPower regarding the buyout terms, as well as investigating whether there is still the opportunity for Healdsburg to participate in this project.

10. Planning and Operations Update –

- The Extranet is scheduled to go live on January 23rd. Bob Caracristi and Chris Carnesi will be distributing information to members with instructions on how to access the new system (the registration process will be similar to the process for accessing the data portal). Members will have access to All Resources Bill via the new Extranet. All other data portal information will still be accessed via the old data portal for the time being. Phase II should include integrating the data portal fully with the Extranet.
- CAISO Flexible Ramping Product: NCPA plans to set up a meeting with CAISO to discuss issues identified since the rollout of the new product (including persistent deviations).
- TO18: A joint intervener meeting is scheduling for next week in Sacramento. NCPA will meet with TANC, Modesto, etc. to develop settlement and litigation policies and discuss how each participant will approach this.

- NCPA will begin scheduling under BRT1. This will allow NCPA to schedule new entities (Merced, PCWA, etc.) in the future.
- NCPA is continuing to work on the PG&E Gas Transport Case. The CAISO seem eager to address NCPA's concerns. The upcoming Annual Market Update Report (usually released around March or April) should include further updates.
- FERC counsel notified NCPA that Apparent has filed a Demand Response Aggregate with Santa Clara and Palo Alto. Tony Zimmer is currently working to find out additional information. NCPA does know that Apparent will need to go through a number of steps before they will be able to start aggregating load in those cities. Up to this point, CAISO has been quiet on this issue. NCPA advised Members to verify that they have ordinances in place to prevent this, as well as plans in place to deal with this should it happen to them.
- Randy Howard gave Members a brief overview of a FERC report on hacking that was recently released (in response to the utility on the East Coast that found Russian malware on a company computer). Bob Caracristi has scanned all of NCPA's firewall logs and found no files of concern. NCPA has been awarded a deed grant for a Cyber Security student intern this summer.

11. Schedule next meeting date – the next regular Facilities Committee meeting is scheduled for February 1st, 2017.

ADJOURNMENT

The meeting was adjourned at 11:55am.

