



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Minutes

To: NCPA Facilities Committee
From: Michelle Schellentrager
Subject: November 2, 2016, Facilities Committee Meeting Minutes

1. **Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Alan Hanger at 9:06am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Debbie Whiteman (Alameda), Mark Sorensen (Biggs), Paul Eckert (Gridley), Terry Crowley (Healdsburg), Monica Padilla (Palo Alto), Basil Wong (Port of Oakland), Kathleen Hughes and Steve Hance (Santa Clara), and Willie Manuel (TID). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Lompoc, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

2. **Approve minutes from the October 5th Facilities Committee meetings.** A motion was made by Shannon McCann and seconded by Mike Brozo recommending approval of the October 5th Facilities Committee meeting minutes, as long as the sign-in sheet is attached to the version on the NCPA website. A vote was taken by roll call: YES = Biggs, Gridley, Healdsburg, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, Santa Clara. ABSTAIN = Alameda. The motion passed.
3. **Appointment of Facilities Committee Chair and Vice Chair** - In accordance with the Amended and Restated Facilities Agreement that became effective October 1, 2014, the current Vice Chair, Melissa Price, will assume the role of Facilities Committee Chair due to the conclusion of the existing Chair's annual term. Her new role becomes effective at the next Facilities Committee meeting. Mike Brozo has been nominated to serve as the Committee Vice Chair. The Committee took a vote to approve the appointment of the ensuing Vice Chair, and Mike Brozo was elected unanimously. The Committee Secretary remains Michelle Schellentrager.
4. **Geo Facility Disposition and Sulfur Cake** – Staff recommended approval to continue to allow the sale of the sulfur produced as a secondary product during standard operations at the Geysers Geothermal Facility, for agricultural amendments. The sulfur produced has vanadium and mercury limits well under the USA EPA standards. NCPA hired a consultant to review the practice and risk associated with selling its sulfur products. The consultant concluded that the use of the non-hazardous sulfur product for agricultural purposes is an acceptable and beneficial use of the material. The alternative would be to have the sulfur shipped to Kettleman Hills (the only landfill able to accept the material), at a cost of about \$250,000.

Motion: A motion was made by Shannon McCann and seconded by Melissa Price recommending Commission approval to allow the sale of the sulfur, for agricultural amendments, that is produced from the Geysers Geothermal Facility that has vanadium and mercury limits less than 100mg/kg (vanadium) and 17mg/kg (mercury). Any material with limits

above those will be properly disposed of in a landfill. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Plumas-Sierra, Roseville, Santa Clara, TID. ABSTAIN = Palo Alto, Port of Oakland. The motion passed.

5. **GP Crane & Hoist Services Agreement** – Staff recommended for Commission to approve of a five year Multi-Task General Services Agreement with GP Crane & Hoist Services for an amount not to exceed \$500,000. GP Crane would perform inspections, annual certifications, and maintenance for the overhead bridge cranes as well as the boom truck. NCPA has had an agreement in place with GP Crane in the past. As this activity would not result in a direct or indirect change in the physical environment, no environmental review would be required.

Motion: A motion was made by Melissa Price and seconded by Shannon McCann recommending Commission approval of a five year Multi-Task General Services Agreement with GP Crane & Hoist Services for an amount not to exceed \$500,000 for inspection and maintenance services for cranes and related equipment at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA members. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating budgets (Sponsor Geo). A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Palo Alto, Plumas-Sierra, Roseville, Santa Clara, TID. The motion passed.

6. **Power Management Revenue Allocation Update** – Staff presented analysis, findings, and recommendations regarding policy considerations for Revenue Allocation. The materials were based on the work of the Review Group, which met four times on this topic. Following staff's presentation, Members raised questions regarding the accounting and timing of revenue allocations. Staff explained that revenue allocations would automatically be applied every month to each member's monthly bill for Power Management Services. Members expressed that they are uncomfortable with netting the revenues with the costs in the accounting process; they would prefer revenues and costs be accounted for separately. Members are comfortable with net billing on the All Resources Bill, once revenues and costs are properly accounted for. There is also a concern from members about how they will be able to factor these projected revenues into their annual budgets. Staff made a broad recommendation to use the Nexant model to calculate the allocation of these revenues, possibly having a separate tab in Nexant specifically for Power Management Revenues. The Facilities Committee voted on this recommendation.

Motion: A motion was made by Monica Padilla and seconded by Mike Brozo recommending Commission approval of recommendation to use the Power Management & Administrative Services cost allocation model (a.k.a. the Nexant model) to develop allocation of revenues. The Facilities Committee will review the actual determinants resulting from cost allocation models to use and develop a recommendation. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, Santa Clara, TID. The motion passed.

The Committee discussed whether non-members that are Participants in projects that are owned and operated by NCPA should be allocated revenues. The Committee discussed the merits to each course of action. The Facilities Committee decided to vote on the issue of who will be eligible for revenues, with the understanding that revenue allocation for future projects will be determined separately.

Motion: A motion was made by Shannon McCann and seconded by Willie Manuel recommending Commission approval to allocate revenues to NCPA members and non-members that are project participants that are subject to the variable rate cost structure of the Power Management Administrative Services cost allocation model. At this time, the only eligible non-member participants are the LEC Project participants and TID. A vote was taken by roll

call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Plumas-Sierra, Port of Oakland, Roseville, Santa Clara, TID. NO = Palo Alto. The motion passed.

The Committee referred several topics back to the Review Group for additional analysis and discussion, including how to handle new members and how the transition period should be handled (for any non-members who become members), whether to allocate a proportion of revenues through the Administrative and General business unit, and selecting a revenue allocation determinate using the Nexant model. The Review Group will come back to the Facilities Committee at a later time with additional recommendations.

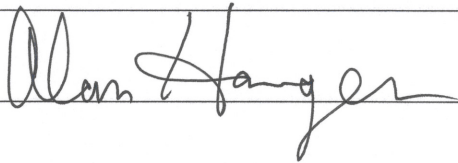

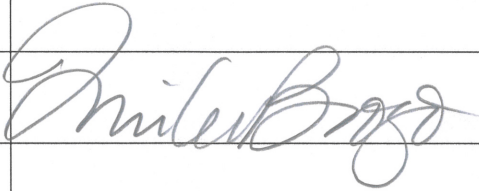

- 7. NCPA Insurance Renewal Update** – NCPA has put out an FRP for new insurance; goal is to keep the insurance rates flat. All bids should be received by November 11th. This will need to go before the December Commission Meeting, so a Special Facilities Committee Meeting will need to be scheduled. The Committee agreed on November 16 at 10:00 AM for the Special Meeting.
- 8. Planning and Operations Update** –
 - Staff provided an updated on TO-18. FERC has accepted our filing. A settlement conference was held on 10/19 to establish a schedule for ongoing discussions. On December 13th, FERC will provide their feedback on the rate request. Joint interveners need to provide initial settlement offers to PG&E no later than January 17th – 19th.
 - CAISO will provide updates in the coming weeks on TAC, greenhouse gases, and regionalization.
 - Tony Zimmer has settled the pipeline renewals. He has also submitted NCPA's annual outage plans for next year.
 - Staff mentioned some concerns that some members may have been duplicating reporting to FERC. This could impact whether NCPA is subject to the 4 million MW reporting threshold. Gillian Biedler will be reaching out to individual members to discuss this further.
 - NCPA is continuing with Merced discussions. Dennis Sismaet and his staff have toured the Merced Facilities and met with MEID employees to discuss their current procedures.
 - Ken Goeke is continuing to meet with members to discuss supply plans for load resource balancing. Feedback from members has been very positive.
- 9. Schedule next meeting date** – the next regular Facilities Committee meeting is scheduled for December 7th.

ADJOURNMENT

The meeting was adjourned at 12:04pm.

**Northern California Power Agency
Facilities Committee Meeting of November 2, 2016
Facilities Committee
Attendance List**

NCPA Facilities Committee members are requested to sign, but signature by members of the public is voluntary.

| MEMBER | NAME |
|-------------------|--|
| ALAMEDA |  |
| BART | |
| BIGGS | |
| GRIDLEY | |
| HEALDSBURG | |
| LODI |  |
| LOMPOC | |
| PALO ALTO | |
| PLUMAS-SIERRA REC |  |
| PORT OF OAKLAND | |
| ROSEVILLE |  |
| SANTA CLARA | |
| TID | |
| UKIAH | |

**Northern California Power Agency
Facilities Committee Meeting of November 2, 2016
Attendance List**

NCPA Facilities Committee members, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

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Minutes

To: NCPA Facilities Committee

From: Michelle Schellentrager

Subject: November 16, 2016, Special Facilities Committee Meeting Minutes

1. **Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Alan Hanger at 10:03am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Mark Sorensen (Biggs), Paul Eckert (Gridley), Melissa Price (Lodi), Monica Padilla (Palo Alto), Nico Procos (Port of Oakland), Wes Gray and Mike Brozo (Plumas-Sierra), Shannon McCann (Roseville), and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Lompoc, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

2. **2017 NCPA Insurance Renewal** - Staff recommended approval of the proposed major insurance renewals. Staff extended the term so that special Facilities meetings will not be necessary in the future (updated term runs from Dec 15, 2016 – Dec 15, 2017). At members' request, staff provided a table showing the cost comparisons for premiums between FY16 and FY17. There was a brief discussion on potential avenues for lowering premiums in the future.

Motion: A motion was made by Shannon McCann and seconded by Melissa Price recommending Commission approval of the proposed major insurance renewals and authorize the General Manager or his designee to bind the coverage at amounts not to exceed the proposed premiums. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.

3. **Power Management Revenue Allocation** – Staff recommended that the Facilities Committee approve one of three options for how Power Management revenues would be calculated. James Takehara provided an overview of each option, explaining which budget areas would be factored into the calculations for each of the three options. James also gave a breakdown of the revenue allocation discussions that took place at the UD meeting, including feedback and preferences expressed by the UD's. A discussion about revenue determinates took place, with members debating the merits of the three available options.

Motion: A motion was made by Shannon McCann and seconded by Monica Padilla recommending Commission approval for utilizing Option 3 for calculating how Power Management Revenues may be allocated for FY18. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Roseville and Santa Clara. NO = Plumas Sierra. The motion passed.

A discussion took place regarding whether or not to allocate a portion of Power Management revenues to A&G. James provided a flow chart which members found helpful for visualizing how

A&G allocations would be distributed. James also provided a table which broke down the estimated amounts that would go towards L&R programs. There was a discussion among the members regarding what percentage of the Power Management revenues would be appropriate to allocated to A&G.

Motion: A motion was made by Steve Hance and seconded by Alan Hanger recommending Commission approval for allocating 10% of the Power Management Revenues through the A&G for FY18, with the understanding that the concept will be re-evaluated after one year. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.

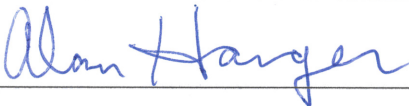
James also provided an update on member transition issues. The review group still needs to define what constitutes a new member, as well as further discuss the use of lag data for determining eligibility for receiving revenues. The review group will discuss these member transition issues further before coming back to the Committee with recommendations.

ADJOURNMENT

The meeting was adjourned at 12:21pm.

**Northern California Power Agency
Facilities Committee Meeting of November 16, 2016
Facilities Committee
Attendance List**

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| MEMBER | NAME |
|--------------------------|--|
| ALAMEDA |  |
| BART | |
| BIGGS | |
| GRIDLEY | |
| HEALDSBURG | |
| LODI | |
| LOMPOC | |
| PALO ALTO | |
| PLUMAS-SIERRA REC | |
| PORT OF OAKLAND | |
| ROSEVILLE | |
| SANTA CLARA | |
| TID | |
| UKIAH | |

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