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Minutes

To: NCPA Facilities Committee
From: Trisha Hubbard
Subject: March 2, 2016, Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Vice-Chair Melissa Cadek at 9:04am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Barry Leska (Alameda), Monica Padilla and Chris Hutchinson (Palo Alto), Steve Hance and Peter Virasak (Santa Clara), Nico Procos and Basil Wong (Port of Oakland), Roger Frith (Biggs), and Dean Price (Gridley). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Plumas-Sierra, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve minutes from the February 3rd, February 16th and February 17th Facilities Committee meetings.** A motion was made by Shannon McCann and seconded by Monica Padilla recommending approval of the February 3rd, February 16th and February 17th Facilities Committee meeting minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville and Santa Clara. The motion passed.
- 3. Services Offer to Marin Clean Energy.** - Staff provided information regarding plans to submit a proposal to Marin Clean Energy (MCE) in response to their Request for Proposal the Agency received. Proposals are due on March 9th. MCE prefers to have services begin in June. A special Commission Meeting is scheduled for March 4th to seek approval of submittal of a proposal. Staff discussed the pricing framework and gave an overview of MCE and their background, history and size. MCE has a goal to deliver 80% renewable supply and 95% GHG free energy by 2025. Services NCPA would be providing to MCE include Generation Scheduling Coordination Services, Load Scheduling Coordination Services, Load Forecasting Services, Portfolio Management Services. Staff highlighted the cost and pricing uncertainty factors.

This is strictly a proposal for Power Management services, at this time, MCE is not looking to become a member of NCPA. Staff discussed in detail how the MCE proposal was developed in the Nexant Cost Allocation Model.

Palo Alto suggested including some language in the proposal recognizing MCE's desire to grow and the ability to renegotiate the price of services if MCE significantly increases load. The Committee supports including a triggering event of 10% increase in load to be able to re-open the contract price.

The proposal includes that MCE would enter into Power Management Services contract as a non-member at cost of \$756,000 per year with a 3.5% per year escalator. This contract would become effective June 1, 2016. Telecommunication and set-up fees offered at a one-time fee plus 15%.

Motion: A motion was made by Shannon McCann and seconded by Ron Stassi recommending Commission approval authorizing NCPA to submit a proposal for Power Management Services to Marin Clean Energy (MCE) in accordance with the parameters described in the "Key Agreement Elements" slide presentation provided at the March 2, 2016 meeting including a provision to open the contract based on a 10% or more increase in load. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville and Santa Clara. The motion passed.

- 4. Power Management and Administrative Services Cost Allocation Study** – Staff reported that the recommendation the Committee approved at last month's meeting went for Commission approval at the February 25th Commission Meeting, however, the motion did not pass due to not meeting the proper voting percentage threshold. The same changes will be brought to the March 4th Special Commission meeting for approval

- 5. All Generation Services Facilities, Members and SCPPA – Maxim Crane Works, LP Agreement** – Staff provided information regarding the recommendation to approve a five year Multi-Task General Services Agreement with Maxim Crane Works, LP for an amount not to exceed \$500,000 for crane services for use at all facilities owned and/or operated by NCPA, its Members, SCPPA and SCPPA Members. .

Motion: A motion was made by Shannon McCann and seconded by Steve Hance to recommend Commission approval of the Multi-task General Services Agreement with Maxim Crane Works LP in an amount not to exceed \$500,000 for crane services for use at all facilities owned and/or operated by NCPA, its members, SCPPA, and SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 6. All Generation Services Facilities, Members, and SCPPA – Utility System Efficiencies, Inc. Agreement** – Staff provided information regarding the recommendation to approve a five-year Multi-Task Professional Services Agreement with Utility System Efficiencies, Inc. for an amount not to exceed \$300,000 for consulting services related to WECC and NERC reliability criteria for use at all facilities owned and/or operated by NCPA, its Members, SCPPA and SCPPA members. This is strictly an enabling agreement.

Alameda requested more depth in the assumptions used to set these types of contract amounts.

Motion: a motion was made by Shannon McCann and seconded by Melissa Cadek to recommend approval of this multi-task professional services agreement with Utility System Efficiencies, Inc. in an amount not to exceed \$300,000 for WECC/NERC reliability criteria consulting services for use at all facilities owned and/or operated by NCPA, its members, SCPPA and SCPPA members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 7. Developing Trends in Renewable Energy** - Staff provided a presentation regarding future energy scenarios for renewable energy in light of solar production and potential effects on renewable energy certificates. Staff provided background and illustrations on the 2015-2030 contract cost vs. value of energy produced with varying assumptions of 1%, 5% and 10% LMP

decrease per year for solar generating hours. Staff also reviewed bucket 1 current prices and the production cost of the geothermal project. Based on the presentation and information provided, staff recommends using \$15/MWh for REC premium when analyzing the value of geothermal projects.

8. **Hydroelectric Facility – Adit 4 Stockpile Erosion** – Staff provided an update on the progress made since the last presentation. An interim conveyance pipe has been installed to mitigate further erosion. Phase I – interim site stabilization is now complete. The original contract cost was \$129,000 however, work was completed at a final cost of under \$80,000. Ongoing work includes investigating a potential insurance claim and initiation of Phase II work, estimated at approximately \$80,000. The next updated will be provided when Phase II is complete. \$1 million has been preliminarily added to the FY17 proposed budget to cover all costs associated with the project.
9. **CT1 Lodi Facility Outage** – Staff provided an update on the CT1 Lodi outage. In regards to the Hot Gas Path –the problem areas included having to deal with broken bolts, several cracks in row 2 nozzles, and row 1 shroud block erosion. The original budgeted costs for the outage were set at \$500,000. Projected costs currently at \$454,000.
10. **CT1 Project Alameda and Lodi Facilities** – Staff provided information regarding the budget assumptions and future direction for the CT1 project. Staff would like to establish long range goals and visions. Staff reviewed and discussed the current status of these plants – highlighting that the turbine is in good condition, there are no issues with the diesel starters or gearbox and no concerns with the balance of the plant. The biggest area of concern is electrical.

Staff presented three options for the Committee to consider and discuss:

Option 1 – Continued operation for 20 years – this would be the most expensive option upfront, however, offers the most reliability. This option includes several maintenance projects to maintain the plant’s reliability.

Option 2 – Operate up to 2025 with the option to continue for another 10 years – this saves on costs upfront, however, costs increase if operation continues. Projects and upgrades would be limited. This option will affect reliability as many maintenance projects would be deferred.

Option 3 – Plan for retirement in 2025 – this option has the lowest costs, however could result in failure of equipment prematurely and will affect the reliability of the units as all maintenance projects would be deferred.

Staff presented and discussed in detail the costs associated with each option. Staff plans to gather estimates on decommissioning costs. Staff informed Committee members that they prefer Option 2, however, seeking direction from CT1 owners for budget considerations. Santa Clara is fine with Option 2, however, requests more information. They like the levelized funding concept.

Lodi prefers to levelize funding. They need to discuss options further with their management before making a decision.

Lompoc – defers to NCPA staff’s recommendation of Option 2. Also prefers levelizing the costs.

Alameda – No objection to Option 2 and levelizing the costs.

Santa Clara asked if selling the units is a consideration. Staff indicated that would be part of a decommissioning study and could possibly become an added option.

Ken Speer stated that Option 1 is currently in the proposed FY17 budget, if there is no objection, he will change the amounts to match Option 2 in preparation of the next budget presentation on March 16th.

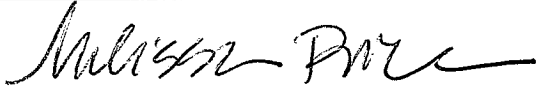


11. Schedule next meeting date – the next regular Facilities Committee meeting is scheduled for March 30th. A Special Facilities Committee meeting will be held on March 16th for further review of the FY17 budget and to seek a recommendation of approval.

ADJOURNMENT

The meeting was adjourned at 12:04 pm.

**Northern California Power Agency
Facilities Committee Meeting of March 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	