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Minutes

Date: March 10, 2020
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: March 4, 2020 Facilities Committee Meeting Minutes

- 1. Call Meeting to Order & Roll Call** – The meeting was called to order by Committee Vice Chair Basil Wong at 9:04 am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Harbottle (Alameda), Mark Sorensen (Biggs), Paul Eckert, (Gridley), Shiva Swaminathan and Poorvi Rao (Palo Alto), Nick Rossow (Redding), and Monica Nguyen and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Plumas-Sierra, Port of Oakland, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

OPEN SESSION

DISCUSSION / ACTION ITEMS

- 2. Approve Minutes from the February 5, 2020 Facilities Committee Meeting, and the February 12, 2020 Special Facilities Committee Meeting.**

Motion: A motion was made by Bill Forsythe and seconded by Jiayo Chiang recommending approval of the February 5, 2020 Facilities Committee Meeting, and the February 12, 2020 Special Facilities Committee Meeting. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 3. All Generation Services Facilities, Members, SCPPA – Integrity Inspections, LLC MTGSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Integrity Inspections, LLC for specialty mechanical and inspection services, with a not to exceed amount of \$500,000, for use at all facilities owned and/or operated by NCPA, NCPA Members, SCPPA, and SCPPA Members. All purchase orders will be issued following NCPA procurement policies and procedures.

This is a new agreement with a new vendor. It is an enabling agreement with no commitment of funds. NCPA desires to enter into an agreement with this new vendor so established terms and conditions are in place should this vendor be the successful bidder on future projects. Adding this vendor will increase the pool of qualified vendors for these types of services. Agreements in

place for similar services include Premium Inspection Company and Team Industrial. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the consent calendar.

Motion: A motion was made by Jiayo Chiang and seconded by Bill Forsythe recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Integrity Inspections, LLC for specialty mechanical and inspection related services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years for use at all facilities owned and/or operated by NCPA, NCPA Members, by SCPPA, or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Roseville, and Santa Clara. ABSTAIN = Redding. The motion passed.

- 4. All Generation Services Facilities – Hunt & Sons, Inc. MTEMS** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Agreement for Purchase of Equipment, Materials, and Supplies with Hunt & Sons, Inc. for purchase and delivery of diesel fuel, propane, and other oils and lubricants, with a not to exceed amount of \$500,000, for use at all facilities owned and/or operated by NCPA. All purchase orders will be issued following NCPA procurement policies and procedures.

This is a renewal agreement with an existing vendor. It is an enabling agreement with no commitment of funds. NCPA had a previous agreement in place with Hunt & Sons, Inc., which is running low on funds and expiring. Staff has utilized this vendor in the past, and has a good working relationship with the vendor. Other agreements in place for similar purchases are with George Lowry, Inc., Redwood Coast Fuels, Southern Counties Lubricants, LLC, Valley Pacific Petroleum Service, Inc. and Westgate Petroleum. This agreement will be for use at NCPA facilities only, since it involves purchasing of chemicals. A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the consent calendar.

Motion: A motion was made by Bill Forsythe and seconded by Basil Wong recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Agreement for Purchase of Equipment, Materials and Supplies with Hunt & Sons, Inc. for the purchase of diesel fuels, propane, unleaded fuels, oils and lubricants, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years, for use at all facilities owned and/or operated by NCPA. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Roseville, and Santa Clara. ABSTAIN = Redding. The motion passed.

- 5. All Generation Services Facilities, Members, SCPPA – Coffman Engineers, Inc. MTPSA** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Professional Services Agreement with Coffman Engineers, Inc. for fire protection, mechanical, electrical, and civil engineering services, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, NCPA Members, SCPPA, and SCPPA Members. All purchase orders will be issued following NCPA procurement policies and procedures.

This is a new agreement with a new vendor. It is an enabling agreement with no commitment of funds. Geothermal staff contacted Coffman Engineers, Inc. because they offer California Registered Fire Protection Engineer (FPE) services. Fire preparation/wildfire mitigation is a high priority for NCPA facilities. After having met with this vendor, staff recommends that NCPA enter into an enabling agreement with Coffman Engineers, Inc., so established terms and conditions are in place should this vendor be the successful bidder on future projects. Execution of this enabling agreement will also increase the pool of qualified vendors willing to work in the more remote location of NCPA's Geothermal facility, which will result in more competitive bidding

when services are needed. Other agreements in place for similar services are with Sabah International, Inc., and ORR Protection Systems, Inc. (pending approval). A draft Commission Staff Report and draft agreement were available for review. It is recommended to place this item on the consent calendar.

Motion: A motion was made by Bill Forsythe and seconded by Tikan Singh recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Professional Services Agreement with Coffman Engineers, Inc. for fire protection, mechanical, electrical, or civil engineering services, with any non-substantial 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, NCPA Members, by SCPPA, or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Roseville, and Santa Clara. ABSTAIN = Palo Alto, and Redding. The motion passed.

6. Proposed FY2021 Annual Budget Review and Approval – Staff presented, and reviewed the final budget for FY2021, and was seeking a recommendation for Commission approval of the budget.

Staff from Generation Services, Administrative Services, and Power Management reviewed the initial budget at a Special Facilities Committee meeting February 12, 2020. Challenges for the upcoming FY2021 budget include forward market prices down from FY2020, hardening of the insurance market, wheeling access charges with low voltage costs up but the high voltage costs down very little, and the Western forecast with increased costs but a lower forward curve. Other challenges include capital and maintenance projects, funding reserves for future projects, and MOU increases. The strategic goals for the Agency include expansion of customers and projects, and transitioning from a low to medium impact entity to support more customers and projects. With the addition of more customers and revenue, staff propose adding positions to the Information Services (IS) Department and Power Management (PM). Each Business Unit has decreased the FY2021 budget since the review at the special meeting.

Generation Services

Hydro has reduced O&M costs, and reduced the Capital Development Reserve funding for a total reduction of 2 million since February. The total net cost to participants is now increasing by 1.8 million. **Geo** has reduced funding for projects and Maintenance Reserve for a total reduction of 1.7 million. Net cost to participants is increasing 3.9 million. Revenues are forecasted to be lower for FY2021. **CT1** has a net increase to participants of 1.7 million. **CT2** has a decrease of 1.2 million to the participants. Including both CTs the FY2021 budget is relatively flat with an increase of approximately \$500,000.

Power Management

The Power Management FY2021 budget has been decreased by \$543,091 since the February 12, 2020 Special Facilities Committee meeting. The net cost to participants is now an increase of \$750,712 for a total proposed FY2021 budget of \$11,281,224.

Administrative Services

The Administrative Services FY2021 budget has been decreased by \$537,751 since the February 12, 2020 Special Facilities Committee meeting. The net cost to participants is now an increase of \$998,055 for a total proposed FY2021 budget of \$16,322,208.

The next steps for the FY2021 proposed budget are for Utility Director review in March, Commission review in March, final budget adjustments and allocations with Commission approval April 16, 2020. The FY2021 proposed budget is available for review on NCPA Connect.

Motion: A motion was made by Shiva Swaminathan and seconded by Bill Forsythe recommending Commission approval of the FY2021 budget as presented in the Facilities Committee Meeting March 4, 2020, for Generation Services, Administrative Services, and Power Management, subject to the consideration and support of the Member Utility Directors, with any non-substantive changes approved by NCPAs General Counsel. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

INFORMATIONAL ITEMS

7. NCPA Generation Services Plant Updates – Plant Staff provided the Committee with an informational update on current plant activities and conditions.

Hydro – February 2020 had very little to no precipitation, which brought the percentages down to only 43% of normal by March, 2. Hydro staff are considering moving the Spicer annual outage forward. The USGS annual audit has been completed, as well as the 2020 FERC Part 12 Reports. Bids are due March 4, 2020, for the 230 kV Insulator Replacement Project. Seven companies were at the pre-bid meeting, and two addendums have been issued.

CTs – The February operations were quiet for CT1 with four actual starts, in real time, out of 16 that were forecasted. The FYTD is 213. CT2 had 0 starts with 4 forecasted. The FYTD is 36. CT1 had a forced outage when Unit 2 tripped both units due to a vibration wire failure. There was one planned outage in Alameda for the Generator Circuit Breaker Project, a generator major, and routine maintenance.

Geo – There were no safety incidents to report at Geo for the month of February. CPR and AED training was conducted, and vegetation management continues. Plant 1 was online for most of February averaging 75.8 MW net. Plant 2 was back online March 2 and is currently generating 100 MW net. The FY 2020 net generation is 403 GWh of 493.2 GWh forecasted, which is 18.3% below forecast. Ongoing maintenance activities include generator testing, insulation repairs, steam field wireline work, and cooling tower repairs. The temporary jumpers were removed from the Fulton and Lakeville lines. A switch has been installed to allow for future Fulton/Lakeville transmission inter-ties.

8. New Business Opportunities – Staff provided an update regarding new business opportunities.

NCPA submitted a Statement of Qualifications on February 11, 2020, to Sonoma Clean Power (SCP). Services requested include scheduling coordinator services. SCP is a well-established, operational CCA that began services in May 2014. NCPA participated in an interview with SCP on February 25, 2020. Interviews will be conducted through the 2nd week of March. NCPA also submitted a Statement of Qualification on February 13, 2020, to Butte Choice Energy (BCE). Staff are waiting to hear back from both entities. Updates will be provided to the Committee as needed.

NCPA and Nevada Irrigation District (NID) have an approved Services Agreement. Staff are now working on resource integration. Services are scheduled to start for the Combie South Powerhouse May 1, 2020. The Deer Creek Powerhouse is still pending integration due to FERC action. Agreement negotiations with South Feather Power and Water Agency (SFWPA) are pending due to ongoing discussions between SFWPA and PG&E. New resource integration for East Bay Community Energy (EBCE) is scheduled in quarter four. EBCE has a new wind project which is inclusive in the agreement.

9. Planning and Operations Update –

- Rolling Renewable RFP – Staff are developing a “rolling” renewable RFP on behalf of the Members, to include offers for Renewable Portfolio Standards (RPS), carbon free resources, and energy storage. Staff will present the RFP documents at the Utility

- Directors (UD) Retreat for review and discussions. A RFP dashboard will be created on NCPA Connect for Members use. Staff are seeking feedback regarding data processing.
- Coronavirus Disease 2019 (COVID-19) Planning and Business Resiliency – NCPA is planning for impact on the local community. Focus will be on the use of the Disaster Recovery Center (DRC) for business continuity as a “Quarantined Zone” for essential operations. Most business functions can be performed remotely via VPN access points.
 - Software Enhancements – Upgrades and enhancements are being done to the Risk Management and reporting tools, which will be available on NCPA Connect. The Cost VaR Report is undergoing a dynamic upgrade, changing it from a static report.
 - PPA Counterparties – Staff is working to increase the number of approved counterparties for PPAs.

10. Next Meeting – The next regular Facilities Committee meeting is scheduled for April 1, 2020.

ADJOURNMENT

The meeting was adjourned at 11:10 am by the Committee Vice Chair.