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Minutes

Date: March 12, 2019
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: March 6, 2019, Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Tikan Singh at 9:02 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), Steve Schwabauer (Lodi), Shiva Swaminathan and Jim Stack (Palo Alto), Lowell Watros (Redding), and Steve Hance and Paulo Apolinario (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Port of Oakland, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve Minutes from the February 6, 2019 Facilities Committee Meeting.**

Motion: A motion was made by Mike Brozo and seconded by Jiayo Chiang recommending approval of the February 6, 2019 Facilities Committee meeting minutes. A vote was taken by roll call: YES = Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Redding, Roseville, and Santa Clara. The motion passed.

- 3. All Generation Services Facilities, Members, SCPPA – Allied Power Group, LLC MTGSA-EMS** – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement and Agreement for Purchase of Equipment, Materials and Supplies with Allied Power Group, LLC for inspection and maintenance services, with a not to exceed amount of \$2,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This agreement is with a new vendor. It is an enabling agreement with no commitment of funds. Other similar enabling agreements are with Ethos Energy and Sulzer Turbo. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets.

Motion: A motion was made by Mike Brozo and seconded by Brian Zard recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement and Agreement for Purchase of Equipment, Materials and Supplies with Allied Power Group, LLC for inspection and maintenance related services, with any non-substantial changes recommended and approved by the NCPA General Counsel,

which shall not exceed \$2,000,000.00 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 = Redding. The motion passed.

4. Lodi CT – Proposed Development – Staff presented background information, options, and issues associated with the proposed development in the area surrounding the Lodi CT plant.

The City of Lodi is proposing to develop the land around the CT1 plant located at 2131 West Turner Road, with the Lake House Development which includes apartments and a hotel. The mitigated negative declaration has been submitted. Verbal comments are due to the Planning Commission by March 13, with written comments due March 19. This Project is not consistent with power plant operation. NCPA staff and Members are concerned about noise complaints, air quality complaints, and liability. This development is proposed to be in very close proximity to the plant at approximately 50 feet away. The general feeling is that if this development moves forward, the plant will most likely need to shut down.

The developer has stated they will do whatever is required for sound mitigation, which could cause problems to the facility. NCPA will submit all concerns to the Planning Commission during the verbal and written comments period. Other options to consider if the plant shuts down include moving this facility to Alameda replacing Unit 2, or changing this facility to a battery storage facility. A facility closure list has been announced by the CAISO that will shut down 9,416 MW by 2025. The cost benefit to Members of this plant is approximately \$1.2 million, with capacity being provided through this facility. The demand for this plant has been increasing. Staff will continue discussions with the City of Lodi, expressing our concerns, and update the Committee at the next meeting with more information regarding this proposed development.

5. All Generation Services Facilities, Members, SCPPA – Drill Tech Drilling & Shoring, Inc. MTGSA – Staff presented background information and was seeking a recommendation for Commission approval of a five-year Multi-Task General Services Agreement with Drill Tech Drilling & Shoring, Inc. for inspection and maintenance services, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. NCPA has worked with Drill Tech for over five years, including work on the Hydroelectric Adit 4 Facility recently. This is a renewal agreement with an existing vendor. It is an enabling agreement with no commitment of funds. Similar enabling agreements include Neil’s Controlled Blasting, Canepa & Sons, Syblon Reid and Ford Construction. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets.

Motion: A motion was made by Jiayo Chiang and seconded by Brian Zard recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Drill Tech Drilling & Shoring, Inc. for engineering, inspection and maintenance 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, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Redding. The motion passed.

6. Hydro Capital Development Reserve Funding Options – Staff provided an update on the Hydro Capital Development Reserve collections, including for the proposed McKays Reservoir Clean Out Project, and was seeking a recommendation for Commission approval of the preferred funding method(s).

The McKay's Clean Out Project, as well as the Generator Rewind Project, are both very costly projects that need to be done. The total funding costs for both projects is \$41 million, with \$21 million collected so far in the Capital Development Reserve Fund. Due to a landslide in 1997, lots of sediment built up in the McKay's reservoir, which is causing operational impacts. Since then more sediment has been building up, especially after the storms in 2017, now totaling 550,000 cubic yards which requires this project to be done sooner, starting in 2023. The total funding for the McKay's Clean Out Project is \$32 million, of which \$15 million has been collected. The Generator Rewind Project total funding is \$6.4 million, of which \$4.8 million has been collected. Collection for the Generator Rewind will be completed in FY 2020.

Staff is proposing an uplift to the Hydro Capital Development Reserve funding. For FY2020, staff proposes a total amount of \$4,455,000, which includes \$ 3,000,000 for the McKay's Clean Out, \$1,330,000 for the Generator Rewind, and \$125,000 for Beaver Creek Dredging. The proposed budgets for FY 2021, FY 2022, and FY 2023, are \$4,375,000, \$4,625,000, and \$4,625,000, respectively to be used for the McKay's Clean Out and Beaver Creek Dredging. Funding options for Members suggested by staff include: 1) cash collections; 2) debt financing; 3) a two phase project; and, 4) retained revenues during good hydrology years. Members of the Committee would like to discuss these options with their cities. This item will be brought back to the Special Facilities Committee meeting next week, on March 12 for further discussion and recommendation.

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

Geo – There have been no safety incidents to report for the month of February. The Geo annual safety audit was done on March 5, conducted by Hydro staff. The baseload generation was down slightly at 60.1 GWhr than the forecasted amount of 60.6 GWhr, due to Plant #1 being shut down because of the breakdown in the Stretford gas processing system for 17 hours. The Plant #1 overhaul schedule is from April 1 through May 26, 2019. Ethos Energy Services was the low bidder for the turbine generator with a bid amount of \$1,620,214. The bids were due back by February 5, 2019. A General Services Agreement with Ethos is being reviewed for approval. The drilling contractor, Paul Graham Drilling, has been selected for the P-Site well workovers. Materials are being delivered in March 2019. Agreements with drilling support companies still need to be done.

CTs – February was a busy month for CT operations with 33 starts for CT1 and 12 for CT2. The forecasted starts were 0 and 4 respectively for the month of February. CT1 Unit 2 in Alameda had a forced outage on February 22, due to a lube oil problem, so is currently out. The CT1 Plant outage has been delayed due to weather issues, and parts not ready. The first and second stage nozzles are on site. There have been problems with hot and broken bolts, and the alignment of the cylinder delaying the repairs.

Hydro – February was a great month for the Hydroelectric Project. Precipitation totals for the 2018-2019 water year total 36.8 inches, which is now turning into a good water year. The snow content level is almost at the level it was in 2016-2017, currently at 156% of normal. Damage was done to the 230KV gen tie line 50A, with a Palmer Insulator falling down below where it's supposed to be. WAPA linemen replaced the insulator which was a big fire risk. The Palmer Insulators are 30 years old, and may need to be replaced soon. The 69 L&R tower also had debris from birds' nests and wind. The WAPA linemen were also able to clean and fix this tower while they were on site. Staff are assessing the fire risk from birds' nests around these transmission lines.

8. Allocation of New Spicer Meadows Generation – Staff reviewed changes to Facilities Schedule 7, Appendix B, Section 2.2., and was seeking a recommendation for Commission approval of these proposed changes.

The current allocation of New Spicer Meadows (NSM) generation under Facilities Schedule 7, Appendix B, Section 2.2 reads as: Generation actually produced at the NSM Power Plant will be allocated to the Operating Entities in proportion to their water release schedules. The problem this presents is when NSM releases are greater than ~400 cfs, the NSM generation units are bypassed with no production of additional generation. If an Operating Entity (OE) changes its share of releases relative to the other OEs when releases are greater than 400 cfs, then its share of generation will change even though NSM generation remains constant.

Staff would like to create two release schedules, with allocations based on these schedules. The Facilities Committee recommends adding verbiage to the schedule in proportion to each Operating Entities water release schedule. Staff will update the language in the agreement and bring the proposed changes back to the Committee at the Special Facilities Committee meeting next week on March 12.

9. RFP for Joint CCA RA Portfolio Management Services – NCPA staff discussed and reviewed a Joint CCA RFP seeking Resource Adequacy Portfolio Management Services.

On February 15, 2019 a Request for Proposals (RFP) was issued for Joint CCA Resource Adequacy (RA) Management Services. The five participating CCAs include: Monterey Bay Community Power (MBCP), Silicon Valley Clean Energy (SVCE), Peninsula Clean Energy (PCE), East Bay Community Energy (EBCE), and San Jose Clean Energy (SJCE). Proposals are due by March 11. Some of the management services requested include creating a joint CCA RA Portfolio with forecast RA requirements, aggregate CCA RA needs, aggregate transfer capability (MIC), and managing S-to-N transfer capabilities. Other services include processing CPUC annual and monthly filings, support execution of transactions, and developing detailed reports.

Currently NCPA provides similar services to EBCE and SJCE. Staff recommends developing a proposal that includes a clearly defined scope of services for the Joint CCA RA Management Services. A pool may need to be created to manage the five CCAs. After discussion, the general consciences of the Committee is to submit a proposal with contingencies. Key issues to think about include commitment of staff and resources, contractual structure to address anti-trust issues, and cost of services. A formal Joint CCA RA Management Services Agreement would need to be reviewed and approved by the NCPA Commission.

10. Agreement of Cotenancy Status Update – Staff gave background information and an update on the status of discussions regarding CDWR's notice of termination in the Agreement of Cotenancy in the Castle Rock Junction – Lakeville 230 kV Transmission Line. This is a four party agreement between NCPA, Silicon Valley Power (SVP), California Department of Water Resources (CDWR), and Pacific Gas and Electric (PG&E) to deliver power from the geothermal facilities to the CAISO grid. On July 30, 2018 CDWR provided notice of its intention to terminate its share of 165MW. 55MW of this share is also assigned to NCPA and SVP. CDWR has no interest in keeping their share, as they have no plants at the Geysers, and doesn't want any fire liability.

NCPA's preferred option is to turn the entire line over to PG&E and maintain transmission deliverability, with no risk of fire liability. NCPA and SVP explored this option, however, PG&E will not assume all cotenants shares. Decommissioning and salvaging the line is not a real possibility as PG&E needs the line for local area reliability. All parties would be liable of its share of the decommissioning and removal cost as well.

Options to consider going forward are to take a pro-rata share of CDWR's entitlement in the

interim, which would be either 165MW or 110MW pending further discussion on the Long Term Transmission Services Agreement. NCPA would also like to explore avenues to maintain full deliverability of the Geo plants while terminating NCPA's and SVP's share of the Cotenancy lines. Staff will update the Committee as needed for discussion and direction in future meetings.

11. Gridley Main and Gridley Main Two Solar – Staff reviewed the status of ongoing discussions regarding the possible sale of the Gridley Main and Gridley Main Two Solar Projects.

On December 29, 2010, NCPA entered into a PPA with Lightbeam Power Company to purchase the output of the Gridley Main LLC Solar Facility. Then on November 17, 2011, NCPA entered into another PPA with Lightbeam Power Company to purchase the output of the Gridley Main Two LLC Solar Facility. Both agreement terms are 25 years from the commercial operation dates. Gridley and BART are the project participants respectively in each project.

Trina Solar US Development LLC (Trina Solar) is the sole owner of Lightbeam Power Company. Recently Trina Solar informed NCPA of its intent to sell both Gridley Solar Projects to a third party. NCPA believes Trina Solar must receive NCPA's written consent prior to formal assignment. Trina Solar is currently reviewing the applicable agreements / obligations pertaining to this possible assignment. Lightbeam did not properly register the Gridley Solar Projects as Qualifying Facilities (QF) with FERC. Trina Solar may be in default of PPA requirements, and may owe refunds to NCPA as a result of this failure.

Staff will continue discussions with Trina Solar addressing the QF deficiency, evaluate the proposed buyer's qualifications, which is Greenback Renewable Energy Corporation, review other requirements for assignment, and coordinate next steps with Gridley and BART. Pending the outcome of discussions, staff may need to bring this item back to the Committee for direction and possible Commission approval of the assignment.

12. Planning and Operations Update –

- CCA Activities – The SJCE and EBCE SCID transition is 90% complete. Outstanding items still include the execution of SC and MSA Agreements.
- SJCE Phase-In Schedule – Phase 2 was completed in February 2019. Phase 3 is now scheduled for June 2019 which was originally scheduled for June 2020.
- Staff is working to schedule Power Management check-in meetings with Members.
- Staff is working to develop updated RPS balances for NCPA Pool Members (10 Years). Based on such, NCPA will begin seeking interest in new project / PPA development for RPS eligible resources.

13. Schedule Next Meeting Date – The next Facilities Committee meeting is currently scheduled for April 3, 2019. A Special Facilities Committee meeting is scheduled for March 12, 2019 to review the FY20 budget.

ADJOURNMENT

The meeting was adjourned 1:22 pm.

**Northern California Power Agency
 March 6, 2019 Facilities Committee Meeting
 Attendance List**

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

| <u>MEMBER</u> | <u>NAME</u> |
|-------------------|--------------|
| ALAMEDA | |
| BART | |
| BIGGS | |
| GRIDLEY | |
| HEALDSBURG | |
| LODI | Tiago Chiang |
| LOMPOC | Shan Jh |
| PALO ALTO | |
| PLUMAS-SIERRA REC | Smile Boy |
| PORT OF OAKLAND | |
| REDDING | |
| ROSEVILLE | Brian Zard |
| SANTA CLARA | |
| TID | |
| UKIAH | |