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Minutes

Date: March 22, 2019
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: March 12, 2019 Facilities Committee Special Meeting Minutes

- 1. Call meeting to order & Roll Call** - The meeting was called to order by Committee Chair Tikan Singh at 9:08 pm. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Harbottle (Alameda), Jiayo Chiang (Lodi), Tikan Singh (Lompoc), Shiva Swaminathan (Palo Alto), and Steve Hance (Santa Clara). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Gridley, Healdsburg, Plumas-Sierra, Port of Oakland, TID, and Ukiah were absent. A quorum of the Committee was not established.

PUBLIC FORUM

No public comment.

- 2. Allocation of New Spicer Meadows Generation** – Staff reviewed background information and was seeking a recommendation for Commission approval of the change to Facilities Schedule 7, Appendix B, Section 2.2. Staff recommend creating two release schedules, with allocations based on these schedules. Databases will be setup to track the allocations. Members will be able to go back and review allocation results. Please contact Power Management with any questions regarding the allocations. The proposed language change in the agreement under Appendix B, Section 2.2 shall read as follows: Generation actually produced at the NSM Power plant will be allocated to the Operating Entities in proportion to their water release schedules up to the available generator capacity. Water release schedules that flow through the available generators will be referred to as “non-bypass releases”. In the event of water release schedules in excess of available generator capacity (i.e., “bypass releases”), water accounting will be based on bypass releases plus non-bypass releases.

While no quorum was established at the meeting, the Members in attendance supported the recommendation for Commission approval of an amendment to Facilities Schedule 7, Appendix B, Section 2.2 of the Amended and Restated Facilities Agreement, including any non-substantive modifications to such amendment approved by NCPA’s General Counsel. This item will move forward to the next Commission Meeting scheduled on March 28, 2019, and will be presented as a consent item.

- 3. Hydro Capital Development Reserve Funding Options** – Staff presented options for discussion regarding Hydro Capital Development Reserve collections, including options regarding funding of the proposed McKays Reservoir Clean Out Project, and was seeking a recommendation for Commission approval of preferred funding method(s).

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 presented to Members by staff included: 1) cash collections; 2) debt financing; 3) a two phase project; and, 4) retained revenues during good hydrology years.

Members of the Committee have discussed these options with their key staff. The Members in attendance did not express support for option two or three. Members in attendance did express interest in options one and four. Based on feedback received during the discussion, NCPA staff will work to develop a draft procedure that further describes how option four could be implemented. Upon completion, staff will send such information to the Members for further consideration. Any retained revenues collected could be deposited into a Members' GOR account. A Letter of Direction would be required by a Member in order to opt into this option. This will be an individual Member decision. No Commission approval is required for either of the preferred options discussed.

4. Generation Services Budget Presentation – Staff presented an informational review on the Generation Services Facilities initial budget for FY2020.

Geothermal:

- Labor increased by 5% at approximately \$512,669
- The total routine O&M costs proposed is \$18,455,924
- The total proposed overall O&M budget, including other costs, is \$31,666,011 with an increase of \$507,442 or 1.6%
- The requested projects budget increased to \$3.7 million
- The FY19 proposed budget is \$35.4 million, an increase of \$953,600, or 2.8%

The proposed projects for Geo were presented which include: 1) Plant 1 Fire System Modernization; 2) Plant 1 MCC Breakers; 3) Network Infrastructure Improvement; 4) Plant 1 & 2 Door Replacements; 5) Emergency Shower and Eyewash Stations; 7) Vehicle Replacements; 8) Plant 2 Steam Ejector Upgrade; and, 6) P-Site Well Workover Program.

The FY2020 cost to Members is \$5.4 million. The FY2020 return in value to Members (REC's & Capacity) is \$11.8 million.

Combustion Turbine No. 1

Staff reviewed and discussed certain budget assumptions. The capacity value of CT1 is estimated to be \$48/KW-Yr. Projects identified are based on continued operation. Staff recommends increasing the maintenance personnel by one due to current staff working 20% overtime.

- The total CT1 FY2020 budget is \$6.8 million
- Net cost to Members is \$5.2 million

Staff is proposing four projects which include: 1) Generator Circuit Breakers; 2) Vehicles; 3) NFPA Purge Credit; and, 4) Generator Major (U2).

Combustion Turbine No. 2

Staff reviewed and discussed certain budget assumptions. The capacity value of CT2 is estimated to be \$48/KW-Yr. The CT2 debt will be paid off in 2026. Air New Zealand is expected to service the LM5000 only until 2021. Staff expects to retire the STIG in 2026, or shortly after.

- The total CT2 FY20 budget is \$9.4 million, an increase of \$699,251
- The net cost to Members is \$6.8 million, which is a decrease of \$463,246

The proposed CT2 projects for FY2019 include: 1) High Energy Pipe Inspection; 2) Vehicles; and, 3) Lube Oil Hoses. The total for these projects is \$68,250.

Hydroelectric:

- Routine O&M costs is increasing approximately 6.3% for a total of \$234,293, due primarily to Division of Safety of Dams (DSOD) fees and vegetation management
- Labor is increasing approximately 6.2% for a total of \$270,153
- Total routine O&M cost plus labor is \$540,803
- The projects budget has increased to a total of \$4,775,000
- The FY20 proposed budget is \$55.9 million, an increase of \$4.1 million due to the McKays Clean Out Project and the Generator Rewind Project
- The debt obligation is the largest part of the Hydro budget which is \$35.2 million
- The Hydro budget revenue assumptions were presented. The net annual cost to participants for the proposed FY20 budget is \$29.3 million, an increase of \$1.9 million.

The proposed projects for Hydro were presented which include: 1) 2409 Part 12 Dam Safety Study; 2) SCADA Upgrade; 3) Business Network Infrastructure Improvement; 4) Vehicle Replacement; 5) McKays Reservoir and Dam Betterment (Clean Out Project), 7) CV Generator Rewind; and, 8) Beaver Creek Dredging. The total proposed project funding cost for FY2020 is \$4.8 million.

5. Administrative Services Budget Presentation – Staff provided an informational overview and presentation on the Administrative Services proposed budget for FY20.

The NCPA Executive/Administrative Services FY 2020 operating costs are proposed to come in below FY 2019 budget by \$326,800 or an 8.2% decrease. The total annual budget cost is decreasing by \$478,295 (3.27% decrease) for a total annual budget of \$14.1 million

Proposed projects were presented and discussed. The proposed projects include: 1) Office Furniture Replacement; 2) Network Infrastructure Improvement; and, 3) Various Computer Hardware. Staff discussed how Administrative & General (A&G) costs are allocated, which includes 50% direct labor and 50% based on program budget cost. The A&G net revenue was \$36,000, which offsets the A&G costs on a monthly basis.

6. Power Management Budget Presentation – Staff presented Power Management's proposed budget for FY20.

The proposed Power Management program costs are decreasing by approximately \$155,727, from \$11,271,088 to \$11,115,361. The Power Management budget covers Power Management Administration, Dispatch and Scheduling, Pooling and Portfolio Management, and Industry Restructuring. A Services Revenue (Non-Member) line item needs to be added into the budget, and distributed. The current year Services Revenue is estimated to be approximately \$1.8 million in FY2019 and \$2.2 million for FY2020.

There are no Power Management projects proposed for FT20. SCADA has been relocated to the Information Services Department. Software automation is being enhanced for programs used through Dispatch and Scheduling, as well as Pre-Scheduling.

ADJOURNMENT

The meeting was adjourned at 12:16 pm.

**Northern California Power Agency
 March 12, 2019 Facilities Committee Special 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	
LOMPOC	
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	<i>Brian Schinstock</i>
ROSEVILLE	<i>Brian Zard</i>
SANTA CLARA	
TID	
UKIAH	