



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: April 5, 2017 Facilities Committee Meeting Minutes

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

PUBLIC FORUM

No public comment.

2. **Approve Minutes from March 1st and March 15th Facilities Committee Meetings** – A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending approval of the March 1st and March 15th Facilities Committee Meeting Minutes. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. The motion passed.
3. **Update Amended and Restated Facilities Agreement Schedules** – Staff recommended approval of an Amendment to the Facilities Agreement Schedules. Staff gave some background on CAISO Master File. When Staff reviewed the operating parameters for CT1, STIG, and Combustion Turbine, they found them to be outdated. A request to have the parameters and operating characteristics updated has been submitted to CAISO. To maintain consistency, the Facilities Schedules will also need to be updated. Staff explained that the Lodi Energy Center changes were presented at a previous LEC PPC Meeting, but those changes did not require updates to the Facilities schedule, so the Facilities Committee's approval of those updates is not required.

Members asked if these changes could impact cost allocation. Staff explained there is a possibility cost allocation models will be impacted. Staff assured Members that these changes are a result of engineering, not the be advantageous for particular Members. These changes will allow Staff reports to more accurately reflect the operating parameters of the machine. Staff will examine the cost allocation modeling rules, and whether to input these changes for FY18 budgets. It is likely these changes will not be incorporated until FY19 budgets.

Motion: A motion was made by Jiayo Chiang and seconded by Mike Brozo recommending Commission approval of an Amendment to Facilities Schedules 5 of the Amended and Restated Facilities Agreement to update the CT1 Project Statistics, as further described in this presentation. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 4. Judicial Action Budget Review and Approval** – Staff recommended approval of the FY2017 Judicial Action allocation percentages. As requested by the Facilities Committee in the previous meeting, the \$19,000 that had been earmarked for a consultant in the Fuel Acquisition & Management portion of the budget has been removed.

Staff gave background on Judicial Action Budget, what the budget dollars are used for, and the four functional areas they cover. Staff determined that the allocation percentages in the FY17 budget had not been updated to reflect current Industry Restructuring or Western Base Resource percentages; Staff proposed that the amounts charged for FY17 be re-run through the updated Nexant Cost Allocation Model when NCPA is processing FY17 true-ups in October 2017.

Staff also presented Members with the alternative allocation methodology which was requested by the Facilities Committee in the previous meeting. Staff explained that the main beneficiaries of Judicial Action activities are those members with ISO loads and transmission charges. Staff shared a chart with the proposed alternative cost allocation model. BART will be included in FY19. Staff acknowledges that non-members may benefit from the outcome of some of NCPA's Judicial Action activities, however, NCPA cannot legally represent or advocate for non-members, so they will not be included.

Motion: A motion was made by Monica Padilla and seconded by Alan Hanger recommending Commission approval and direction to staff to update the FY 2017 Judicial Action subcategory allocation percentages, as further described herein, as part of the FY 2017 annual budget settlement process that is scheduled to occur in October 2017.

The Facilities Committee also recommends that costs incurred during FY 2018 under the Judicial Action subcategory "PG&E Rates and Tariff Amendments" be allocated to Members based on their pro-rata share of CAISO loads and exports ending adoption of this proposal, the recommended change to the allocation percentages will impact multiple sections of the budget documentation; therefore, to enable a comprehensive approval of the budget material, NCPA staff also recommends that the proposed allocation methodology be applied to actual costs incurred under this Judicial Action subcategory as part of the FY 2018 annual budget settlement process. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville and Santa Clara. The motion passed.

- 5. Geothermal Generation Services Facility – Informational – Geysers Economic Curtailment** – Staff provided an overview of their plan for Geo load curtailment. Staff reviewed the advantages to curtailments (avoid negative pricing, preserve steam for future use when Day Ahead Market prices are higher, etc.). Staff also reviewed some disadvantages to curtailments (might lose RECs, potential damage to plant equipment could cost up to \$20,000 to repair, turbine efficiency is affected, etc.).

Staff reviewed the fiscal impacts on Geo curtailments, based on a recommended 45 MW maximum curtailment. Staff presented the Committee with three methods to curtail Geysers output. Staff favors Day Ahead Scheduling/bidding, and believes having a bidding strategy in place will allow NCPA to better react to negative pricing in Day Ahead Scheduling.

Members expressed hesitation about curtailment, due to the potential costs if some of the wells are damaged, and questioned whether the savings are worth the risk.

Motion: A motion was made by Steve Hance and seconded by Shannon McCann recommending Commission approval that the GEO facility not be curtailed unless Power prices are a negative price of at least \$25/MWhr, with a curtailment level maximum of 45 MW. The amount of curtailment may need to be adjusted based upon steam field response. Only Cycle when the daily prices are expected to be at the negative price above for 4 hours or more. Limit cycling to once per day. Staff will also return to Facilities Committee with a report should instances of curtailment occur. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Plumas-Sierra, Roseville and Santa Clara. ABSTAIN = Palo Alto and Port of Oakland. The motion passed.

6. Geothermal Generation Services Facility – Informational – Geothermal Unit 4 Outage –

Staff provided an update regarding the Geothermal Unit 4 Outage. Unit 4 Turbine was pulled apart to address abnormally high vibration. Once apart, it was discovered that a critical piece of wire which holds the Z Lock Flex Blades in place had come out. Repairs to Unit 4 Turbine were completed 1 day ahead of schedule.

Staff also provided an update on the completion of the Unit 4 main steam pipeline re-route. This project was also completed successfully, and Staff report that steam appear stronger and estimate that we should see MW and steam gains as a result of this work. Staff plans to present a more in-depth analysis of MW gains in the next Facilities Committee meeting.

7. All Generation Services Facilities, Members, SCPPA – Schweitzer Engineering

Laboratories, Inc. First Amendment – Staff recommended approval of an Amendment to the existing five year Multi-Task Professional Services Agreement with Schweitzer Engineering Laboratories, Inc. This Amendment expands the Scope of Work to include Training. A draft Commission Staff Report was available for review.

Motion: A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval of the First Amendment to the Multi-Task Professional Services Agreement with Schweitzer Engineering Laboratories, Inc., 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 any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority (“SCPPA”) or SCPPA Members. A vote was taken by roll call: YES = Alameda, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

8. Planning and Operations Update –

- **TO18:** NCPA was in settlement discussions with PG&E, however, an impasse was declared, and we are now moving forward to trial. We anticipate a significant amount of work. NCPA is not actively participating in trial. Moving forward, it will be handled primarily by TANC, CDWA and the CA Utilities Commission. Trial is set for January 2018, with the initial order estimated to come down in June 2018.
- **PG&E Transmission Planning:** NCPA continues to meet with PG&E on developing a transmission planning process; the next meeting is scheduled for Friday, April 7th.
- **TAC Restructuring:** NCPA is working with FERC Council and CAISO on pre-meeting basis on CAISO stakeholder process on TAC restructuring. CAISO has a good understanding of the different participants leading to TAC charges and how they are distributed. NCPA is currently assisting CAISO with a white paper addressing this.
- **Merced Irrigation District and Placer County CCA:** NCPA continues to assist Merced Irrigation District and Placer County CCA.

- 9. All Generation Services Facilities, Members, SCPPA – HDR Engineering, Inc. –** Staff recommended approval of a five-year Multi-Task Professional Services Agreement with HDR Engineering, Inc. This would be for use at all NCPA Facilities, Members and SCPPA/Members. Staff explained this agreement would be for as-needed engineering services, including feasibility studies, business model development, and engineering studies. A draft Commission Staff Report was available for review.

Motion: A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending Commission approval of a Multi-Task Professional Services Agreement with HDR Engineering, Inc. for 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, its Members, by the Southern California Public Power Authority ("SCPPA"), or by SCPPA Members. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 10. All Generation Services Facilities, Members, SCPPA – Precision Pump and Machine – KSB, Inc. First Amendment –** Staff recommended approval of an Amendment to the existing five year Multi-Task General Services Agreement. This Amendment allows this Agreement to be used by SCPPA/Members. It also accounts for an update to this company's name. A draft Commission Staff Report was available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Mike Brozo recommending Commission approval of the First Amendment to the Multi-Task General Services Agreement with Precision Pump and Machine - KSB, Inc., with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$260,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA Members. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 11. All Generation Services Facilities, Members, SCPPA – Power Engineers, Inc. –** Staff recommended approval of a Multi-Task Professional Services Agreement with Power Engineers, Inc. NCPA's previous Agreement with Power Engineers, Inc. recently expired. The scope of work in this new five-year MTSA mirrors the scope of work outlined in the previous Agreement. This Agreement would now be extended for use by SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Mike Brozo and seconded by Shannon McCann recommending Commission approval of a Multi-Task Professional Services Agreement with Power Engineers, Inc. for general 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, the Southern California Public Power Authority ("SCPPA") and SCPPA Member facilities.. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 12. All Generation Services Facilities, Members, SCPPA – Airgas USA, LLC First Amendment–** Staff recommended approval of an Amendment to the existing five-year Multi-Task Agreement with Airgas USA, LLC. Airgas USA, LLC provides various gases to NCPA, as needed. This Amendment increases the not-to-exceed amount from \$500,000 to \$750,000, updates the company name in NCPA's records, adds additional products to the Purchase List and extends this Agreement for use at all NCPA facilities and for use by all NCPA Members and SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Shannon McCann recommending Commission approval of a First Amendment to Multi-Task Agreement for Purchase of Equipment, Material and Supplies with Airgas USA, LLC, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$750,000 over five years for use at any facilities owned and/or operated by Agency, its Members, Southern California Public Power Authority ("SCPPA") or SCPPA Members. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 13. All Generation Services Facilities, Members, SCPPA – Brian Davis dba Northern Industrial Construction** – Staff recommended approval of a five-year Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction. This will be an Enabling Agreement, under which Brian Davis dba could provide a variety of maintenance services (including welding, and labor and materials for miscellaneous maintenance, as-needed). This Agreement would be open for use by all NCPA Members as well as SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Shannon McCann and seconded by Mike Brozo recommending Commission approval of a Five Year Multi-Task General Services Agreement with Brian Davis dba Northern Industrial Construction with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 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, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 14. All Generation Services Facilities, Members, SCPPA – Alliance Cooling Products and Construction, Inc.** – Staff recommended approval of a five-year Multi-Task General Services Agreement with Alliance Cooling Products and Construction, Inc. This Agreement will allow Alliance Cooling Products, Inc. to provide a variety of maintenance services, including cooling tower structures and equipment, Stretford systems, buildings, structures, and fiberglass piping. Alliance Cooling Products has proved to be a consistently low bidder for previous NCPA projects. This Agreement would be open to all NCPA Members, as well as SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Shannon McCann and seconded by Mike Brozo recommending Commission approval of a Five Year Multi-Task General Services Agreement with Alliance Cooling Products and Construction, Inc. for maintenance services with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 for use at all facilities owned and/or operated by NCPA, its Members, Southern California Public Power Authority ("SCPPA"), or SCPPA Members. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

- 15. All Generation Services Facilities, Members, SCPPA – Epidendio Construction, Inc.** – Staff recommended approval of a five-year Multi-Task General Services Agreement with Epidendio Construction, Inc. Under this Agreement, Epidendio Construction, Inc. would be able to provide a variety of maintenance services, such as grading, excavation, paving, demolition, all phases of concrete, and gravel/water hauling. This Agreement would be available for use by all NCPA Members, as well as SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Mike Brozo and seconded by Jiayo Chiang recommending Commission approval of a Five Year Multi-Task General Services Agreement with Epidendio Construction, Inc. for maintenance services, including grading, excavation, paving, demolition, gravel and/or water hauling, seal coating, and related labor and materials, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 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, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

16. All Generation Services Facilities, Members, SCPPA – Kestrel Power Engineering LLC –

Staff recommended approval of a five-year Multi-Task Professional Services Agreement with Kestrel Power Engineering, LLC. The scope of work for this Enabling Agreement will include engineering and regulatory support services, engineering support for excitation systems, as well as other miscellaneous engineering tasks as-needed. NCPA has used Kestrel Power Engineering in the past and have been pleased with the work they have done. This Enabling Agreement would be available for use by all NCPA Members, as well as SCPPA/Members. A draft Commission Staff Report was available for review.

Motion: A motion was made by Jiayo Chiang and seconded by Shannon McCann recommending Commission approval of a Five Year Multi-Task Professional Services Agreement with Kestrel Power Engineering LLC for engineering consulting services related to project support and plant operations, with any nonsubstantial 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, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

17. Geothermal Hydroelectric Generation Services Facility – Ford Construction, Inc. for Adit 4 Spoils Facility Repairs Construction – Staff recommended approval of a Public Works Agreement with Ford Construction, Inc. for construction of the Adit 4 spoils facility repairs.

Staff reviewed for the Committee the vital purpose of the Adit 4 operational feature. Staff provided photographs which displayed the extensive damage to Adit 4 as a result of multiple brutal winter storms. Staff outlined the design and permitting schedule, as well as the bidding schedule. A chart was provided to the Committee which compared the four lowest bids received. Members commented that it appeared the bid spread was significant, with sizeable differences between the lowest and highest bids in the chart. NCPA expressed confidence in the accuracy of Ford Construction, Inc.'s bid, as they have utilized this company in the past. Staff was not concerned about the variances in the bids.

Staff increased the contingency for this project from the standard 10% to 18%; this increase is due to the fact that the site could suffer additional damage should more storms hit. Staff assured Members that insurance will cover the cost of this project, minus NCPA's \$500,000 deductible. A general construction timeline was provided. NCPA anticipates this project will be completed by November 2017. Members asked Staff to explain where the funding for this project would come from. The initial funding will come out of a capital reserve account. This money will cover any costs beyond the budgeted amount until insurance payments are received.

Motion: A motion was made by Shannon McCann and seconded by Mike Brozo recommending Commission approval of a Public Works Agreement with Ford Construction, Inc. and to issue purchase orders and change orders for not to exceed \$2,897,507 for construction of the Adit 4 Spoils Facility Repairs at the NCPA Hydroelectric Project. A vote was taken by roll call: YES = Alameda, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Roseville, and Santa Clara. ABSTAIN = Port of Oakland. The motion passed.

18. Hydroelectric Generation Services Facility – Informational – Update on Current

Hydrology Situation – Staff provided an update on the situation at NCPA's hydro facilities. Staff provided Committee with an overview of the current New Spicer Meadows release strategy, which was implemented the week prior. A chart was provided to Members which showed past years' spill schedules, along with NCPA's estimates for anticipated spills in the coming months (estimated spilling start date is sometime in late May – early July).

NCPA used a consulting firm to estimate probability of tail water curtailment. The consultant estimated there is a 10-15% probability of tail water curtailment when spilling commences in May.

Staff also outlined options to pursue if scheduling into a Negative Price Environment (something NCPA has already experienced this year). There was discussion about the impacts of each option. NCPA Staff will continue to keep Members informed as the situation progresses.

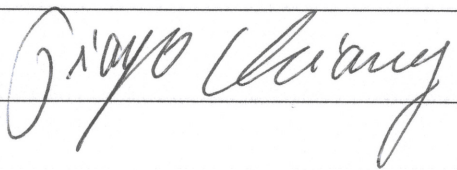

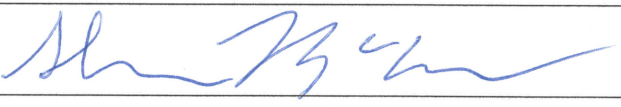
19. Schedule next meeting date – the next regular Facilities Committee Meeting is scheduled for May 3, 2017.

ADJOURNMENT

The meeting was adjourned at 1:40pm.

Northern California Power Agency
April 5, 2017 **Facilities Committee Meeting**
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
April 5, 2017 Facilities Committee Meeting
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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