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Minutes

Date: June 7, 2019
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: June 5, 2019 Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** – The meeting was called to order by Committee Chair Tikan Singh (Lompoc) 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), Shiva Swaminathan, and Jim Stack (Palo Alto), Brian Schinstock (Redding), and Paulo Apolinario, 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 REC, 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 May 1, 2019 Facilities Committee Meeting.**

Motion: A motion was made by Jiayo Chiang and seconded by David Siao recommending approval of the May 1, 2019 Facilities Committee Meeting Minutes, with changes discussed in the meeting, to item numbers 6 and 7. 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 – Second Amendment to Sage Engineers, Inc., MTPSA and Accepting Assignment to Gannett Fleming, Inc. –** Staff provided background information and was seeking a recommendation for Commission approval of a Second Amendment to the existing five-year Multi-Task Professional Services Agreement with Sage Engineers, Inc. to transfer assignment of the agreement to Gannett Fleming, Inc. for providing dam safety engineering and other engineering consulting 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.

On September 9, 2016 NCPA entered into a five year Multi-Task Professional Services Agreement for engineering services with Sage Engineers, Inc. A First Amendment of the contract increasing the dollar amount to \$1,000,000 from \$225,000 was made on May 25, 2017 to reflect the multiple projects to be undertaken with the vendor by various facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members. Sage Engineers, Inc. has now been acquired by Gannett Fleming, Inc.

and wishes to accept assignment of the contract via this Second Amendment to the Multi Task Professional Services Agreement. This is an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and the draft second amendment with the original agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by David Siao recommending Commission approval authorizing the General Manager or his designee to enter into a Second Amendment to the existing five-year Multi-Task Professional Services Agreement with Sage Engineers, Inc. to transfer assignment of the agreement to Gannett Fleming, Inc. for engineering and other consulting 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, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 4. NCPA Hydroelectric Facility – McKays Sediment Removal Project Basis of Design – Staff** provided background information and was seeking a recommendation for Commission approval of General Manager authority to issue up to \$600,000 in purchase orders against existing Agreements for the preparation of a Basis of Design Report for the McKays Point Reservoir Sediment Removal Project. All purchase orders will be charged against approved Hydro Annual Operating Budgets or the Hydro Capital Development Reserve. A draft Commission Staff Report was available for review.

Sedimentation has become an increasingly serious operational problem. During the winter of 1997, a large landslide occurred to the east of Dorrington, which terminated at the US Forest Service's Sourgrass Campground. Trees, soil, sand, gravel and other debris from the slide were carried to McKays Point Reservoir by high instream flows. While most of the floating debris was carried over the dam's spillway, about 260,000 cubic yards of sands and gravels settled in the reservoir area. Subsequent severe storms have episodically washed additional material into the reservoir, such that the total amount of sediments deposited was estimated in 2018 to be 519,000 cubic yards. The average sedimentation rate over the last 30 years of operation is 18,500 cubic yards per year resulting in a loss of storage capacity of 15%. There is no reason to believe that the future average sedimentation rate will greatly differ from what we have experienced to date. NCPA has begun the planning process for the McKays Point Reservoir Sediment Removal Project (MPRSRP) that involves the removal and relocation of a not yet determined amount of sediment.

The next step in the planning process is the preparation of the Basis of Design Report (BODR) for dredging. The purpose of the BODR is to: 1) establish project goals, risks and objectives; 2) identify feasible project alternatives; 3) analyze costs and impacts of project alternatives; 4) establish the preferred project; 5) establish the project schedule and cash flow requirements; 6) identify key permitting and land use issues; and 7) identify risks to NCPA that could prevent a successful project. Once the BODR is completed and the preferred project identified, environmental impact evaluations will be performed followed by the preparation of applications for necessary permits.

Motion: A motion was made by Jiayo Chiang and seconded by Tikan Singh recommending Commission approval authorizing the General Manager or his designee to issue up to \$600,000 in purchase orders against the existing agreement with GEI, for the preparation of the Basis of Design Report for the McKays Point Reservoir Sediment Removal Project. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa

Clara. The motion passed.

- 5. All Generation Services Facilities – Airgas USA, LLC MTEMS** – Staff provided 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 Airgas USA, LLC, for CEMS EPA gases, with a not to exceed amount of \$1,000,000, for use at all facilities owned and/or operated by NCPA. This is a renewal agreement with an existing vendor that is an enabling agreement with no commitment of funds. Since this is an agreement for delivery of chemical gases, this will be used for NCPA facilities only. This agreement needs to be done quickly due to the weekly delivery of Hydrogen bottles used for the generators daily. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and draft agreement were available for review.

Motion: A motion was made by David Siao and seconded by Jiayo Chiang 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 Airgas USA, LLC for CEMS EPA gas purchases, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000.00 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, Redding, Roseville, and Santa Clara. The motion passed.

- 6. All Generation Services Facilities, Members, SCPPA – Air Hygiene, Inc. MTCSA** – Staff provided background information and was seeking a recommendation for Commission approval of a five-year Multi-Task Consulting Services Agreement with Air Hygiene, Inc. for source, rate, and emissions testing services, with a not to exceed amount of \$500,000 for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, and SCPPA Members. This agreement is with a new vendor that won the bidding process. It will be an enabling agreement with no commitment of funds. All purchase orders issued pursuant to the agreement will be charged against approved Annual Operating Budgets. A draft Commission Staff Report and draft agreement were available for review.

Motion: A motion was made by Jiayo Chiang and seconded by David Siao recommending Commission approval authorizing the General Manager or his designee to enter into a Multi-Task Consulting Services Agreement with Air Hygiene International, Inc. for source, rate and emissions testing services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000.00 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, Redding, Roseville, and Santa Clara. The motion passed.

- 7. CT1, CT2 and LEC Negotiated Gas Rate Agreement** – Staff provided an informational update regarding PG&E’s proposed rate for gas transportation for CT1, CT2 and LEC. The negotiated rate will consist of 2 components, a fixed component based on the approved revenue requirements from the current rate case, and a variable component as opposed to the current rate structure which is 100% variable.

PG&E filed in 2018 for the next rate case scheduled from 2019 – 2021/22. This case is about to be finalized. The CT1 rate will be higher by about 6-7% due mainly to GHG compliance costs of \$0.4781/mmbtu fixed into the rate. The CT1 cost will be adjusted with GHG compliance instruments. In addition to the proposed rates, staff expect PG&E will get a late implementation fee of ~\$0.10/mmbtu.

NCGC/Vistra has been working with PG&E on a negotiated rate for all of NCPAs generation. Fixed costs are based on estimated revenue requirements for EG-LT transmission cost only. The rate case proposal is \$25,000,000. PG&E ran two scenarios of \$28,000,000, and then a worst case based on testimony filed at \$42,000,000. Each generator would pay a fixed allocation fee equal to their percentage of the total output from 2015-2017. The variable component would be equal to the other components in the transmission rate that are not directly associated with the gas pipeline transmission costs (CPUC, Energy Efficiency, etc.) plus a \$0.05 adder.

The ALJ decision is expected to be any time now. PG&E will implement the new rate approximately 45 to 60 days after the ALJ decision is issued. Assuming there is a June 15 decision, the new rate will go into effect between August 1 and August 15. Staff is hopeful to complete negotiations with PG&E in the next 2 weeks. If negotiations are completed by then, staff would like to take this item to the June Commission meeting for approval. Santa Clara staff need a copy of the contract for city council approval. PG&E has a form for this request on their website. Ken Speer will forward to Steve Hance.

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

Hydro – The hydro project just had a huge May, the 5th on record. Precipitation is now at 129% of normal with almost 50 inches of rain. The snow pack is 216% of normal, and approximately where it was in 2016-2017. The New Spicer Campground is still under snow. It usually opens by Memorial Day, so is hoping to open Father's Day weekend this year. The New Spicer Reservoir is currently over 160,000 acre feet. McKays will spill approximately 45,000 down to 20,000 acre feet for a couple of weeks, making room for the 2019 snow melt. There will also be some impacts with tail water which is out of NCPA's control. Tailwater trips at 1100 feet, so will be curtailed at 1098 feet. Collierville Tailwater Depression Blower Upgrade Project – Contractors have been working at Collierville to clear the area for the new blowers. Staff are now waiting for the blowers to arrive, and then to be installed.

CTs – All units are now available, with no current outages. May operations included 8 starts for CT1, with a current total of 230 FYTD starts. CT2 had 0 starts but was forecasted for 3, with a FYTD of 51 starts total. There were no forced outages. Alameda U1 and U2 had planned outages for routine minor work, including filters, inlet cooling, changed wires, replacement of old generators, and installation of new instrumentation. The fire systems have been upgraded with no more halon.

Geo – The Plant 1 Overhaul has been completed and is back online with no safety incidents for the month of May. Safety topics during the month included fire extinguishers, shop safety, personal protective equipment, and emergency response including fire detection and alarm. The average May net generation level was 65.3 MW with an estimated monthly total at 49.3 GWhr. The Geo Facility returned to baseload generation when Unit 1 came back online at 93.5 MW net. Projects completed include a new condenser ball cleaning system, new steam ejector replacement, and new delay tank installation. The P-Site Well Workover Project is continuing with preparation on the well site, and rig mobilization will begin June 17, for 4 wells including P-9, P-7, P-5 and P-4.

Solar Project – Five members are currently in the Solar Project including Alameda, Healdsburg, Lodi, Plumas-Sierra and Redding at 7 different sites. The Phase 3 RFP was released May 31, on the NCPA public website. Bids are due back by August 4. The PPA terms and conditions are based on the Antelope Solar PPA and is in final review to be published June 7. The Phase 3 Agreement should be finalized by August 28. It will be brought to the Facilities Committee September 4 for recommendation and Commission approval September 27. The Members approval window will be September 27 through November 28, with an award date of November 29, 2019, and no later.

- 9. Designation of Applicant's Agent Resolution** – Staff reviewed background information and was seeking a recommendation for Commission approval of Designation of Applicant's Agent Resolution for Non-State Agencies with State of California Governor's Office of Emergency Services. This is a requirement by the State of California Office of Emergency Services (Cal OES) and Federal Emergency Management Agency (FEMA) for all disaster relief assistance applicants with pending or future claims, which designates positions that may authorize claims for assistance and other required forms. Applicants must periodically submit a new resolution if claims are still pending. NCPA's current filing will expire July 2019. Two claims are still pending final payment and closeout, including the Valley Fire and Beaver Creek reimbursement claims. The claim amounts that are pending through FEMA and CalOES are \$209,300 for the Valley Fire, and \$484,876 for the Beaver Creek Reservoir damage.

Motion: A motion was made by David Siao and seconded by Tikan Singh recommending Commission approval of Cal OES Designation of Applicant's Agent Resolution for Non-State Agencies authorizing the NCPA General Manager, Chief Financial Officer, and Treasurer Controller as agents to engage with the Federal Emergency Management Agency and the Governor's Office of Emergency Services regarding disaster assistance grants applied for by NCPA. A vote was taken by roll call: YES = Alameda, Biggs, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 10. Cotenancy Agreement Amendment** – Staff gave an update on the status of discussions regarding an amendment to the Agreement of Cotenancy for the Castle Rock Junction-Lakeville 230-kV Transmission Line.

A Cotenancy Agreement Amendment was proposed in May 2019 to be filed at FERC July 1, 2019 with an effective date of August 1, 2019, which leaves limited time to review the agreement and some ambiguity. PG&E is likely to file an unsigned version unilaterally. NCPA and SVP are likely to request the amendment go through the FERC settlement proceedings. Key issues include; decommissioning costs, and if termination means no risk of fire liability in the future. Calculating the cost of removal is not possible. Staff is researching which assets NCPA and SVP own. NCPA and SVP will develop questions for PG&E by June 14, 2019.

- 11. Review Status of CCA Customer Transition and Service** – NCPA has assisted each of the CCA customers with developing and implementing their own programs. Each CCA has now transitioned from the "start-up" phase to the "operating" phase. NCPA is currently reviewing the Scope of Services contained in each of the CCA Services Agreements. Based on the current experience NCPA has gained, staff is working to develop additional operating procedures to further clarify its roles and responsibilities. The results of this review may reform NCPA's future provision of services to CCA customers, including staffing and resource commitments.

The San Jose Clean Energy Services Agreement required SCID transition to be effective March 31, 2019. Lack of transfer could be noticed by NCPA as an Event of Default. SJCE is currently working with the CAISO to address concerns with the SC Agreement. There are issues related to liability to the City of San Jose (since SJCE is a City Department). SJCE has requested that the Services Agreement be amended to extend the SCID transition date out at least 6 months. This additional time will allow SJCE to address outstanding concerns with CAISO. Staff requested Member feedback regarding willingness to amend the Services Agreement to extend the SCID transition time. If the agreement is amended, this also opens up the opportunity to clarify the Scope of Services as needed as defined in updated procedures. The Committee did not object to staff proposing amendments and suggested extending the term. Staff will present a proposed amended agreement at the next meeting.

- 12. New Business Opportunities** – Staff gave an update regarding new business opportunities.

NCPA recently submitted a Statement of Qualifications on April 30, 2019, to Nevada Irrigation District (NID), in response to a RFI that was issued April 9, 2019. NCPA participated in an interview with NID on May 31, 2019. The main office is located in Colfax with services in Nevada County. They are seeking scheduling and dispatch services including monitoring the Deer Creek Powerhouse, a 5.7 MW Hydroelectric project. NCPA's response was focused on scheduling and dispatch services, but NID also expressed interest in a PPA. NID is seeking an initial term of 2 years for power management services for the Deer Creek Powerhouse. They own another 7 hydroelectric projects, totaling a capacity of 82.2 MW that will come off PG&E contracts in future years. The Committee did not object to continuing further negotiations for scheduling and dispatch services with NID, but no members expressed need for a PPA at this time. Staff will bring back updates as needed.

Western Community Energy (WCE) is a new CCA in Riverside County, which is a JPA with 7 members. Their forecasted load is 1,285,305 MWh per year, with a launch date in early 2020. NCPA is proposing to send a non-binding Statement of Qualifications by June 13, 2019, in response to a RFP issued May 23, 2019. Some challenges include the expedited launch schedule, limited supply of RPS and RA products, and NCPA's resources and bandwidth. However, this would be a good business opportunity with high exposure.

Staff continue discussions with SFWPA regarding service opportunities, including scheduling and dispatch services, the purchase of hydroelectric output, and a long term PPA. Another meeting has been scheduled to discuss PPA pricing options and feasibility. Eight Members have expressed interest in purchasing output of the project. Staff will keep the Committee updated as this opportunity progresses.

13. Planning and Operations Update –

- EBCE SCID transition was completed on June 1, 2019.
- SFWPA – A meeting has been scheduled June 13, 2019 to discuss project pricing.
- Submission of CY 2020 EFC Categories – This will enable RA capacity to be counted as Flexible RA. It needs to be submitted in a week. Staff will bring a list of generation with flexible RA to the next meeting.
- Staff is working to develop Pool / BART CY 2020 RA Estimated Requirements.
- Operating parameters for Alameda and Lodi CT Project have been updated. Pmin was causing schedules to zero out. It has been decreased from 23 to 22. Pmax was too low, so has been increased to 25 but will be adjusted hourly via ambient derates based on seasonal temperature differences.

14. Schedule Next Meeting Date – The next regular Facilities Committee meeting is scheduled for July 3, 2019.

ADJOURNMENT

The meeting was adjourned at 12:02 pm by the Committee Chair.

**Northern California Power Agency
June 5, 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	<i>Quayle Alvarez</i>
LOMPOC	<i>Tikhan Singh</i>
PALO ALTO	
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	
ROSEVILLE	<i>David Gao</i>
SANTA CLARA	
TID	
UKIAH	