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Minutes

To: NCPA Facilities Committee
From: Carrie Pollo
Subject: August 2, 2017, Facilities Committee Meeting Minutes

- 1. Call Meeting to Order & Roll Call** - The meeting was called to order by Committee Chair Melissa Price at 9:02am. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Alan Hanger (Alameda), Mark Sorensen (Biggs), Paul Eckert (Gridley), Monica Padilla and Jim Stack (Palo Alto), Basil Wong (Port of Oakland), Steve Hance, Kathleen Hughes, and Peter Virasak (Santa Clara), Willie Manuel (Turlock). Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Healdsburg, Truckee-Donner, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

- 2. Approve Minutes from June 7, 2017 and July 5, 2017 Facilities Committee Meetings** – A motion was made by Shannon McCann and seconded by Jiayo Chiang recommending approval of the meeting minutes for the June 7, 2017 and July 5, 2017 Facilities Committee Meetings. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.
- 3. All Generation Services Facilities, Members, SCPPA – Martech First Amendment** – Staff recommended approval of a First Amendment to the five year Multi-Task General Services Agreement with Martech. This Amendment would expand the not to exceed amount from \$200,000 to \$500,000 and expand for use at all facilities owned and/or operated by NCPA, its Members, SCPPA and SCPPA Members. Martech provides various machining services required for plant operations, including balancing, AC/DC rewind and rebuild services, and hydroelectric services. This is an enabling agreement, and no funds are being committed at this time. A draft Commission Staff Report was available for review

Motion: A motion was made by Shannon McCann and seconded by Alan Hanger recommending Commission approval of a First Amendment to Multi-Task General Services Agreement with Martech, with any non-substantial changes recommended and approved by the NCPA General Counsel, increasing the not to exceed amount to \$500,000 and expanding 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, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

- 4. All Generation Services Facilities, Members, SCPPA – The Avogadro Group, LLC First Amendment** – Staff recommended approval of a First Amendment to the five year Multi-Task General Services Agreement with The Avogadro Group, LLC. This Amendment would modify

the vendor name and expand for use at all facilities owned and/or operated by NCPA, its Members, SCPPA and SCPPA Members. The Avogadro Group, LLC provides various testing services, including but not limited to source, rata, and emissions testing. This is an enabling agreement, and no funds are being committed at this time. 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 a First Amendment to Multi-Task General Services Agreement with The Avogadro Group, LLC, with any non-substantial changes recommended and approved by the NCPA General Counsel, not to exceed \$250,000 over five years and expanding 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, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

5. **All Generation Services Facilities, Members, SCPPA – Summit Crane Company of Solano, Inc. dba Summit Crane** – Staff recommended approval of a five year Multi-Task General Services Agreement with Summit Crane Company of Solano, Inc. dba Summit Crane with a not to exceed amount of \$500,000. Summit Crane provides various crane services, including on-site crane safety training, crane equipment, and crane operators. NCPA has similar agreements in place with Titan Crane & Rigging and Maxim Crane Works. This is an enabling agreement, and no funds are being committed at this time. 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 Multi-Task General Services Agreement with Summit Crane Company of Solano, Inc. dba Summit Crane for crane equipment rental, safety training, and crane operators, with any nonsubstantial 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, 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, and Roseville. The motion passed.

6. **Generation Services Facilities, Members, SCPPA – Kinectrics North America, Inc.** – Staff recommended approval of a five year Multi-Task Professional Services Agreement with Kinectrics North America, Inc., with a not to exceed amount of \$1,000,000. Kinectrics North America, Inc. is based in Ontario, Canada. They provide specialized generator testing and assessment services, as well as other various technical assistance. NCPA has similar agreements in place with a number of other companies such as Adritz Hydro, HDR Engineering, Quality Generator Services and Siemens Energy. This is an enabling agreement, and no funds are being committed at this time. 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 Multi-Task General Services Agreement with Kinectrics North America, Inc. for generator testing and assessment services, 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, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, and Roseville. The motion passed.

7. **Amendment to Facilities Agreement Project Schedules** – Staff recommended approval of an amendment to the Facilities Agreement Schedule 2 to include the Antelope Expansion Phase 1 Solar Facility project as an NCPA Project. Staff shared background on the functionality of the Facilities Agreement, as well as background on the Expansion Solar Facility. This project was entered into via a Renewable Energy PPA, and was designated by the Commission as an

NCPA Project at the time of approval. Adding this project to the Facilities Agreement Schedule 2 will allow this project to be governed under the terms of PPA/Facilities Schedules.

Adding this project to the Facilities Agreement is a legal technicality which obligates the participants to cover all project and administrative costs; there is no expected impact on Power Management and Administrative Services budget with the addition of this new project.

Motion: A motion was made by Jiayo Chiang and seconded by Monica Padilla recommending Commission approval to amend the Facilities Schedule 2 of the Amended and Restated Facilities Agreement to include the Antelope Expansion Phase 1 Solar Facility as a NCPA Project. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, and Roseville. The motion passed.

- 8. Discuss Hydro Shares Allocation Methodology** – Staff discussed updating the methodology used for allocating hydro shares. Shares are currently allocated based on flows from New Spicer Meadows being above 400 cfs. When flows are above this threshold, the NSM generation units are bypassed, with no additional generation being produced. If a participant changes its share of releases when the flows are above 400 cfs, then its share of generation will change, despite the fact that NSM generation is not increasing.

Staff is proposing that generation produced at NSM be allocated to participants in proportion to their water release schedules when total NSM releases are less than 400 cfs. When NSM releases are above 400 cfs, the allocation would be based on ownership shares. Staff explained that this would only apply with discretionary releases, and will not affect load following.

Staff intends to take Member feedback into account and fine tune the proposed update before bringing it forward for a formal vote in the September Facilities Committee Meeting.

- 9. Revenue Allocation Policy** – James Takehara reported that there have been no changes to the policy recommendations since the last meeting. James once again reviewed the rationale of the UD subgroup in forming their final revenue allocation recommendations. He clarified that the revenue allocation policy would apply to proceeds received for the provision of power management and administrative services to third parties and would not apply to revenues received for services that are not a part of the Nexant Cost Allocation Model structure. James reiterated the need for future policy development, as directed by the UD's and Facilities Committee members; those directives will be captured in the Staff Report and Resolution submitted to the Commission.

There was discussion on the wording of the motion, specifically the use of the term “fixed rate” to describe the pricing, as well as the definition of “revenues” (what is and is not included, dealing with the potential future issue of excess revenues, etc.). As a result of this discussion, the Facilities Committee thought it best to update the white paper with some of the details requested by members, as well as referencing those details in the Resolution. Voting on this item will be deferred until the September 2017 Facilities Committee Meeting, to give members an opportunity to review the updated white paper.

- 10. NCPA Capacity Pool Prices** – Staff recommended Commission approval of the System and Local Resource Adequacy Capacity prices for CY 2018 NCPA Capacity Pool. Staff gave background on the Resource Adequacy Program pool members, and the development of the Pooling Agreement Schedule 4. Under this agreement, the Pool has to establish and adopt prices for system and local area capacity, which must then be approved by the NCPA Committees. The FY17 prices for Local were \$2.20/kW-Month and System Capacity prices were \$1.00/kW-Month.

NCPA determines their recommended capacity prices through informal pricing surveys conducted on the open market. Staff shared the System Capacity and Local Capacity results of

this year's informal survey. NCPA strives for rates that are equitable for both buyers and sellers. Members asked about the deadline for making a final decision on whether to transact in the Pool. Tony will distribute the 2018 Balances from the CAISO for each member sometime in the next day or two. Members should expect an email from Tony shortly after the August Commission Meeting, after which Members will have roughly two weeks to make a final decision on whether to participate.

There was a discussion on whether the CAISO will be revising RA Capacities on operating reserves (how reserve value is calculated for reserve projects). Tony explained how the Flex Capacity rules are structured. James also explained that the CAISO may eliminate long-start units from supplying Flex Capacity units in the future, which could result in NCPA having to add Flex Capacity rules into the RA program (however, this is not likely to be implemented until FY19).

Motion: A motion was made by Monica Padilla and seconded by Basil Wong recommending Commission approval to establish the following as the System and Local Resource Adequacy Capacity prices to be used in the CY 2018 NCPA Capacity Pool: System Capacity - \$1.00 / kW-Month, Local Capacity - \$1.85 / kW-Month. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas-Sierra, Port of Oakland, Roseville, and Santa Clara. The motion passed.

- 11. Extension of Natural Gas Pipeline Contract** – Staff gave background on the natural gas pipeline agreements NCPA currently has in place. Historically, NCPA has been extending these agreements yearly. Staff reviewed the benefits of renewing the NOVA/Foothills contracts. When NCPA extends these contracts for 1 year, the full tariff rates are charged. Extending beyond 1 year results in reduced tariff rates. NCPA has extended for a 5 year term in the past, however, at the end of the term the gas market was down and the pipes were not producing revenues, so the Committee began yearly renewals after that.

The Pipeline contracts work in conjunction with NCPA's Asset Management Agreement (AMA) with Noble. The AMA is evergreen, and is simply renewed on an annual basis 6 months before expiration. To date, Noble seems interested in continuing to manage the pipelines.

Melissa Price expressed an interest in viewing historical data prior to making a final decision on whether to extend beyond 1 year. Tony will distribute historical data to members and bring this item back for a formal vote in the September 2017 Facilities Committee Meeting.

- 12. Impacts of Water Delivery Disruption at the STIG** – Staff shared background on the water supply disruption that occurred at STIG/LEC last month. Staff explained the circumstances surrounding the water shortage. During the outage period, STIG was kept on a forced outage to allow available water to be used for LEC; this decision was made because STIG did not face RA fines, and LEC was already on a scheduled run.

Staff explained that there were no margin opportunity costs during the STIG outage period. Staff shared background on the current bidding strategy for STIG; because of this current bidding strategy, the unit would not have run during this period even if there had been sufficient water. NCPA did have to purchase power in the Day Ahead market since STIG was unavailable. The cost of that purchase was \$1,000.

This outage highlighted issues with the STIG/LEC cost compensation mechanism. Staff will be looking at the current compensation mechanism, and developing Facilities/PMOA schedules to address situations where shared capacity limitations are directed towards one project at the possible expense of the other. Staff will also be working on addressing water reliability issues. Once staff have developed a way to address these situations, they will bring it back before the Committee for a formal vote.

13. Planning and Operations Update

- Merced: Scheduling for Merced is going well, the prescheduling group continues to work with Merced on the transition (with a focus on learning reservoir/flow level requirements)
- PCWA: Dennis continues to work with his Dispatchers to prepare operating manuals for PCWA. Tony and IS continue to focus on integration.
- TO18: The TO18 proceeding continues to advance. This is still in litigation, and NCPA continues to monitor the progress. James will be arranging a call with SOT participants to discuss TANC costs and how proceedings are going. Testimony was filed a few weeks ago, and there will be another opportunity for comment. PG&E is scheduled to submit rebuttal testimony in October, and the trial is scheduled for January 2018.
- TO19: PG&E has filed TO19. In this filing, their proposed rates for TAC seem to have gone down, while expenditures have increased by \$100,000.
- TAC Restructuring Proceedings: NCPA have filed comments. NCPA's comments focused on maintaining existing cost structure. NCPA has been meeting with PG&E twice a month with the objective of getting a Planning Process into place for all PG&E projects.
- CAISO RFP for Black Start Services: Alameda submitted as available unit; if accepted, this will be brought forward to Facilities for a formal vote.
- CAISO Newsletter: Dave reviewed some interesting articles of interest to members that appeared in the most recent CAISO Newsletter, including articles on resource adequacy mechanisms and market performance and planning.

14. Schedule Next Meeting Date – the next regular Facilities Committee meeting is scheduled for September 6, 2017.

ADJOURNMENT

The meeting was adjourned at 12:04pm.

**Northern California Power Agency
 August 2, 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	<i>Julen Ci Juyolking</i>
LOMPOC	<i>Tihon</i>
PALO ALTO	
PLUMAS-SIERRA REC	<i>Michael Brozo</i>
PORT OF OAKLAND	
ROSEVILLE	<i>M...</i>
SANTA CLARA	
TID	
UKIAH	

