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Minutes

Date: September 16, 2020
To: NCPA Facilities Committee
From: Carrie Pollo
Subject: September 2, 2020, Special Facilities Committee Meeting Minutes

- 1. Call meeting to order & Roll Call** – The meeting was called to order by Committee Chair Brian Schinstock (Roseville), at 1:02 pm. A sign-in sheet was passed around. Attending via teleconference and/or on-line presentation were Vidhi Chawla (Alameda), Jiayo Chiang (Lodi), Tikan Singh (Lompoc), Shiva Swaminathan (Palo Alto), Mike Brozo (Plumas-Sierra REC), Khaly Nguyen (Port of Oakland), Nick Rossow (Redding), and Steve Hance and Basil Wong (Santa Clara). Owen Goldstrom (non-voting Member with TID) also attended via teleconference. Those attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Biggs, Gridley, Healdsburg, TID, and Ukiah were absent. A quorum of the Committee was established.

PUBLIC FORUM

No public comment.

OPEN SESSION

DISCUSSION / ACTION ITEMS

- 2. NCPA CY 2021-26 Strategic Plan** – Discussion and review of the proposed NCPA CY 2021-26 Strategic Plan.

Staff is currently working to update the Agency's Strategic Plan for the period of CY 2021 – 2026. This Strategic Plan will identify the current and future needs of the Agency and Members. It will also help the Members and Agency prioritize staffing, and resources to support Agency goals. The Strategic Plan will include several strategic initiatives and supporting goals, and act as a roadmap, but will be updated over time.

Three strategic initiatives out of six were discussed with the Facilities Committee. These three initiatives include:

- 1) Prepare – Develop and maintain diverse generation resource portfolio in accordance with or exceeding renewable portfolio standard and capacity obligations**
- 2) Value – Develop and enhance strategies to control costs and minimize risks while optimizing the value of assets**
- 3) Strength – Maintain financial strength, grow new revenue and/or reduce member costs by exploring new members/participants and expansion of current services**

Prepare – Develop and maintain diverse generation resource portfolio in accordance with or exceeding renewable portfolio standard and capacity obligations – Draft Goals

- **Develop a NCPA Integrated Resource Plan** – Develop a description for what NCPA IRP means, including generation and supply.
 - Identify Member needs through 2045
 - Market assumptions / future requirements
 - Resiliency and reliability measures
 - Develop energy or fuel storage strategy
 - Develop emerging technology roadmap
 - Will the IRP be developed to meet regulatory obligations for example the Pool?
 - Develop a DED
 - Will the IRP consider Demand Side Response?
 - Schedule STIG initial workshop
 - Schedule 3 Training Sessions 1) Renewable Generation Cost Comparison, 2) Emerging Technology Roadmap, and 3) Batteries – Build vs. PPA
- **LEC Hydrogen Feasibility** – NCPA should remove LEC from “LEC Hydrogen Feasibility.” It gives the impression that a decision has already been made and it’s a PPC decision not a FAC decision. PPC Members approved replacement project with added ability to convert to hydrogen at a future time. The feasibility study will be funded via a series of grants. NCPA has already applied for the grants.
- **STIG repurposing / repowering** – CAISO needs more capacity – Should STIG play a bigger role for capacity needs?
- **Develop Asset Management Program**
 - Service level performance metrics

Value – Develop and enhance strategies to control costs and minimize risks while optimizing the value of assets – Draft Goals

- **Active participation / advocacy in wholesale market redesign activities** – Engage CAISO stakeholders and FERC. Protect interest of Members and protect resources. CAISO overhauling whole RA Capacity with enhancements. Need to be actively engaged.
- **Relocation of the Disaster Recovery Center (DRC)** – The lease is up at the DRC with Consolidated April 2022, and is not being renewed. Need to look for another DRC location. May be able to find inexpensive office space due to Covid-19. The Finance Committee to review term sheet.
- **Develop strategy for long-term wild fire insurance coverage** – Wildfire insurance has gone from \$80m, to \$70m, to \$35m in coverage for the same or more cost. Availability and future costs of wildfire insurance coverage are in question. Potential for NCPA to be denied coverage. Insurance pools such as CJPRMA and CSAC declined to provide a quote for NCPA to join them. This is all due to having transmission lines.
- **Transitioning to a Medium Impact Entity of the BES** – Moving to medium impact is about protecting NCPA’s assets and systems.
- **Review and update Risk Management Policies and Regulations** – Staff gave background on what this would entail and why NCPA feels it is important to include. This would also include NCPA Financial Policies as well.

- **Review, validate and update (if needed) the Agency's cost allocation methodology** – The Nexant Cost Allocation Methodology was adopted several years ago. Does this need to be updated? Is it still appropriate? This methodology is proportionately fair. The gas and TAC rate is not working in today's market. Staff will review.
- **Engagement in transmission rate cases and planning processes** – New PG&E Star Process. NCPA would like to explore whether they should be engaging more actively in the future. TANC, others have taken lead in PG&E cases filed with FERC in the past; TANC's role may be reduced in the future. Depending on specifically how/to what degree NCPA opts to participate in the future, there could be impacts to budget (staffing and resources). NCPA could explore utilizing either contractors or FTE (or both).
- **Review of maintenance and capital reserve policies** – Members have budget limits. Develop different strategies, and look at policies for reserves. Unplanned events happen, can recover in future years. Are the reserves appropriate?

Strength – Maintain financial strength, grow new revenue and/or reduce member costs by exploring new members/participants and expansion of current services – Draft Goals

- **Creation of an unrestricted Capital Operations Reserve Equity** – The concept was explained and would be similar to what American Municipal Power has implemented. Use of funds would still be subject to Commission approval. This would be a benefit particularly to smaller Members, allowing them access to short-term loan for projects through NCPA instead of capital market. Could also be used for capital purchases for NCPA.
 - Examples: DRC, future expansion of HQ facility, etc.

Staff noted that this concept had been presented to the Finance Committee and they did not appear to be in favor of it as written; Finance Committee wanted NCPA to instead review allocation of current Reserve Funds. This equity would be funded by Members, but owned by NCPA.
- **Leverage Hometown Connection (HCI) to facilitate access to service solutions** – 1/6 investment. NCPA can provide solutions. Stemming from the UD Retreat, NCPA wants to provide Members with more visibility to solutions offered by Hometown Connections. Creation of key performance indicators/metrics to ensure we are achieving the value of this investment.
- **Access future needs to maintain and/or develop service offerings and resources necessary to support Members** – Business model based on Members' needs. Staff resources. Identify future needs of Members; use this info to inform improvements NCPA can make to better support those needs.
- **Evaluate business model for the provision of services to non-Member customers** – Water Districts and CCAs. Look at augmenting staff for more and more services. Is pricing fair for non-Members versus Members?
- **Evaluate business model for the provision of non-traditional services to Members** – Evaluate current business models. Based on generation direction from Members, ensure NCPA's business models still align with Member direction.
 - Ex: Is NCPA pricing services correctly?
 - Have NCPA evaluate estimated vs. actual costs.
 - Add new bullet for controlling costs

Next Steps

Each department is developing initiatives and goals. Then presenting these to respective Committees. Staff should receive more direction from the Utility Directors. Committee recommendations and feedback will be populated in the Strategic Planning document. An updated draft will be created and brought back to the October Facilities Committee meeting as an agenda item. The goal is to present the NCPA CY 2021-2026 Strategic Plan to the Commission by the end of the year.

ADJOURNMENT

The meeting was adjourned at 3:30 pm.