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# Minutes

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**Date:** November 29, 2022  
**To:** NCPA Facilities Committee  
**From:** Carrie Pollo  
**Subject:** November 28, 2022 Special Facilities Committee Meeting Minutes

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- 1. Call Meeting to Order & Roll Call** – The meeting was called to order by Committee Chair Jiayo Chiang (Lodi) at 9:03 am. Attending via teleconference and on-line presentation were Midson Hay (Alameda), Dennis Schmidt (Biggs), Cliff Wagner (Gridley), Terry Crowley (Healdsburg), CJ Berry (Lompoc), Shiva Swaminathan (Palo Alto), Nick Rossow (Redding), Brian Schinstock (Roseville), and Basil Wong and Steve Hance (Santa Clara). Staff attending in person are listed on the attached Attendee Sign-in Sheet. Committee Representatives from BART, Port of Oakland, Plumas-Sierra, Shasta Lake, TID, and Ukiah were absent. A quorum of the Committee was established.

## **PUBLIC FORUM**

No public comment.

## **OPEN SESSION**

## **DISCUSSION / ACTION ITEMS**

- 2. NCPA Geothermal Facility – Find: 1) the California Energy Commission (CEC) exercised its exclusive jurisdiction and licensed Northern California Power Agency’s Geothermal Plant 2 on December 29, 1982, 2) the CEC’s power plant site certification program has been certified by the Secretary of Resources as a California Environmental Quality Act (CEQA) equivalent program (14 C.C.R. §15251[j]), 3) all maintenance activities are subject to the conditions of certification adopted by the CEC, 4) the Geothermal Plant 2 Unit 4 Overhaul Project is a maintenance project subject to and consistent with the CEC’s license as all work will be done within the existing power plant building, and 5) to the extent this project is not covered by the above, the proposed activities qualify for CEQA categorical exemptions found in the CEQA Guidelines Sections 15301(b), 15302(c) and 15311(c) (Classes 1, 2 and 11 as described in Title 14 of the California Code of Regulations at §§15000 et seq.)** – Staff presented background information and was seeking a recommendation for Commission approval finding: 1) the CEC exercised its exclusive jurisdiction and licensed Northern California Power Agency’s Geothermal Plant 2 on [March 12, 1980/December 29, 1982], 2) the CEC’s power plant site certification program has been certified by the Secretary of Resources as a CEQA equivalent program (14 C.C.R. §15251[j]), 3) all maintenance activities are subject to the conditions of certification adopted by the CEC, 4) the Geothermal Plant 2 Unit 4 Overhaul Project is a maintenance project subject to and consistent with the CEC’s license as all

work will be done within the existing power plant building, and 5) to the extent this project is not covered by the above, the proposed activities qualify for CEQA categorical exemptions found in the CEQA Guidelines Sections 15301(b), 15302(c) and 15311(c) (Classes 1, 2 and 11 as described in Title 14 of the California Code of Regulations at §§15000 et seq.).

Prior to the presentation of this item, Jane Luckhardt, NCPA General Counsel, briefed the Facilities Committee regarding new requirements for CEQA Guidelines, including findings, and categorical exemptions for public projects. As a Public Agency, NCPA is now required to list any CEQA findings including categorical exemptions as a separate agenda item along with the public project item. These items will be listed on the agenda in the order of the CEQA findings first, and then the public project item next.

In accordance with proper maintenance of Geothermal facilities, NCPA's Geothermal Plant 2 Unit 4 is currently undergoing an overhaul. The Scope of Work for the Geothermal Plant 2 Unit 4 Overhaul Project includes the following:

1. Unit 4 Turbine Rotor and Generator
  - a. All work to transport, inspect, clean, perform preventative maintenance, test, and return one redesigned Ansaldo steam turbine rotor.
  - b. All inspections, removal, cleaning, installation, and documentation of turbine.
2. Main Condenser and NCG Heat Exchanger
  - a. General tube maintenance cleaning
3. Balance of Plant (BOP)
  - a. Pull, refurbish, test and install motor and pumps.
  - b. Replace MCC Breakers
  - c. Upgrade Siemens DCS to version 8.3
  - d. Replace Stretford MCC
  - e. Install actuators to enable jet transfer to vacuum pump
  - f. Refurbish circulation water system actuators
  - g. EHC (Electro-hydraulic Control)
  - h. Seal Oil
  - i. Gland Steam Condenser
  - j. Miscellaneous Cooling Tower Maintenance

All of the work described above involves maintaining existing equipment and is regular and recurring work.

#### **ENVIRONMENTAL ANALYSIS:**

The CEC licensed NCPA's Geothermal Plant 2 (described in the CEC license as Geothermal Project 3) in 1982. The CEC exercised its exclusive siting authority under its CEQA equivalent program and as such has adopted conditions of certification within its license to address environmental impacts of regular and routine maintenance at this facility. Thus, these activities have already been subject to CEQA equivalent review. To the extent the CEC's license does not cover the Geothermal Plant 2, Unit 4 Overhaul Project, the proposed activities are The Plant 2 Unit 4 Overhaul Project is exempt from the provision of the California Environmental Quality Act (CEQA) pursuant to Sections 15301(b), 15302(c), and 15311(c) of the CEQA Guidelines (Class 1, 2, and/or 11 as applied to electric utility systems). This project consists of routine, recurring maintenance to the existing Steam Turbine Generator. This project will not change the function, size or operation of the Steam Turbine Generator. A Notice of Exemption was approved by the NCPA Commission on September 27, 2013 for this class of work and was filed in Sonoma County on October 31, 2012. Thus, this project conforms to these exemptions.

Motion: A motion was made by Basil Wong and seconded by Terry Crowley recommending Commission approval of Resolution 22-126 finding: 1) the CEC exercised its exclusive jurisdiction and licensed Northern California Power Agency's Geothermal Plant 2 on [March 12, 1980 / December 29, 1982], 2) the CEC's power plant site certification program has been certified by the Secretary of Resources as a CEQA equivalent program (14 C.C.R. §15251[j]), 3) all maintenance activities are subject to the conditions of certification adopted by the CEC, 4) the Geothermal Plant 2 Unit 4 Overhaul Project is a maintenance project subject to and consistent with the CEC's license as all work will be done within the existing power plant building, and 5) to the extent this project is not covered by the above, the proposed activities qualify for CEQA categorical exemptions found in the CEQA Guidelines Sections 15301(b), 15302(c) and 15311(c) (Classes 1, 2 and 11 as described in Title 14 of the California Code of Regulations at §§15000 et seq.). A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Roseville, and Santa Clara. ABSTAIN = Palo Alto and Redding. The motion passed.

- 3. NCPA Geothermal Facility – Geothermal Plant 2 Unit 4 Overhaul Project Modifying the Scope and Requesting Additional Funds** – Staff presented background information and was seeking a recommendation for Commission approval of an Amendment to Resolution 21-109 for the NCPA Geothermal Plant 2 Unit 4 Overhaul Project, modifying the scope of work and increasing the total not to exceed amount of this project from \$3,500,000 to \$5,000,000, and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the project, and authorizing the use of \$1,500,000 from the Maintenance Reserve.

In accordance with proper maintenance of the Geothermal facilities, NCPA's Geothermal Plant 2, Unit 4 is currently undergoing an overhaul. The NCPA Geothermal Plant 2 Unit 4 Overhaul Project was originally approved in the December 2, 2021 Commission Meeting (Staff Report: 244:21 and Resolution: 21-109) with a budget of not to exceed \$3,500,000, with project funds approved to come from the Maintenance Reserve.

During the course of inspections performed as a part of the overhaul by the main contractor, Reliable Turbine Services, LLC ("RTS") and CTi ControlTech, it was discovered that the turbine internals were extensively damaged due to a steam strainer failure which traveled through the turbine. Additional required work has been identified resulting in modifications to the original scope for this project. This work is being evaluated for a potential insurance claim.

Additions to the scope include the following:

- Main stop and control valve repairs
- Roundtrip shipping of Diaphragms
- Diaphragm major repairs
- Mechanical support demobilization and remobilization
- Tops on horizontal joint contact area
- Oil deflector rings repairs

Based on the extent of the damage, RTS required the steam turbine internals to be shipped to their shops located in Missouri and Texas, where the parts will be inspected in greater detail. The result of these inspections may lead to additional changes in scope, schedule, and/or costs. The high contingency of 33% is in relation to the uncertainty of the extent of the damage.

The project is currently funded to \$3,500,000 from the Maintenance Reserve. This amendment will result in an updated total not to exceed amount to \$5,000,000. An additional \$1,500,000 of funds is

being requested from Members for project completion. The proposed project costs is \$1,127,048 with a 33% contingency of \$372,952 bringing the additional project authorization total to \$1,500,000. NCPA staff is recommending funding for these additional services through the Maintenance Reserve. Sufficient funds remain in the Maintenance Reserve to complete the additional work, however, the Maintenance Reserve will need to be replenished over the next three years at \$500,000 per year to offset these expenditures. Any funds received from insurance proceeds will be deposited back into the Maintenance Reserve account.

Motion: A motion was made by Basil Wong and seconded by Brian Schinstock recommending Commission approval of an Amendment to Resolution 21-109 for the NCPA Geothermal Plant 2 Unit 4 Overhaul Project, 1) modifying the scope of work and increasing the total not-to-exceed amount of this project from \$3,500,000 to \$5,000,000, 2) delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the project, 3) authorizing the use of \$1,500,000 from the Maintenance Reserve, and 4) adding \$500,000 per year for the next three fiscal budget years to replenish the Maintenance Reserve to the extent not recovered from insurance. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Roseville, and Santa Clara. ABSTAIN = Palo Alto and Redding. The motion passed.

- 4. PG&E Negotiated Gas Transmission Rate Agreement Extension** – Staff provided background information and was seeking a recommendation for approval authorizing the General Manager or his designee to execute an extension of the Negotiated Gas Transmission Rate Agreement executed in 2019 between NCPA and PG&E, not to exceed the proposed 2023 volumetric rate.

In July 2016, PG&E implemented a local gas transmission rate increase of 212% which resulted in a 76% decrease in generation at NCPA's Lodi Energy Center (LEC), while competing market generators on the Back-Bone increased only by 6%.

NCPA, working through the Northern California Gas Coalition (NCGC), participated in negotiating a revised rates structure with PG&E. These negotiations resulted in a reduced variable rate and a new fixed monthly rate, allowing NCPA's Combustion Turbines to bid competitively against generators on the back-bone. The capacity factor resumed to normal by the end of 2017. Since that time, NCPA has been successful in maintaining the negotiated rate structure.

The current negotiated rates are set to terminate on December 31, 2022. The California Public Utilities Commission (CPUC) is expected to have a hearing on the Proposed Decision in the third quarter of 2023 (per PG&E's new proposal) for the new rate case. If approved, PG&E is expected to file and implement new rates in the third quarter of 2023. Unless there is an agreement for a negotiated rate between January 1, 2023 and the implementation of the new rate, NCPA's Combustion Turbines will resume the uncompetitive default rate structure last approved by the CPUC.

NCPA and NCGC have been working with PG&E to extend the current negotiated rates as is. Due to retirements and replacements at PG&E, they have been slow to act and commit to anything. It is not clear if PG&E will agree to a clean extension of the expiration date or negotiate any modified terms. As a result of PG&E's delays, the looming expiration date, and the dates of the NCPA committee meetings, staff is recommending that the General Manager be delegated the authority to negotiate and execute terms for this gap period. The negotiated rate structure will allow NCPA's Combustion Turbines (LEC, CT2, and CT1) to be more competitive in the market, which will allow for a higher capacity factor and increased margins.

Motion: A motion was made by Basil Wong and seconded by Terry Crowley recommending Commission approval authorizing the General Manager or his designee to negotiate and execute an extension of the Negotiated Gas Transmission Rate Agreement executed in 2019 between NCPA and PG&E, not to exceed the proposed 2023 volumetric rate. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara. The motion passed.

- 5. Approval of Third Amendment to the Antelope Expansion 1B, LLC Power Purchase Agreement** – Staff provided background information and was seeking authority from the Commission to execute a Third Amendment to the Power Purchase Agreement between Northern California Power Agency and Antelope Expansion 1B, LLC.

Motion: A motion was made by Terry Crowley and seconded by Jiayo Chiang recommending authority from the Commission to authorize the General Manager of NCPA to execute a Third Amendment to the Power Purchase Agreement between NCPA and Antelope Expansion 1B, LLC (PPA), including any modifications to Third Amendment to the PPA approved by NCPA's General Counsel, to extend the Outside Commercial Operations Date to February 28, 2023 as may be required. A vote was taken by roll call: YES = Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, and Redding. ABSTAIN = Roseville and Santa Clara. The motion passed.

## **ADJOURNMENT**

The meeting was adjourned at 11:03 am by the Committee Chair.

**Northern California Power Agency  
November 28, 2022 Special 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	✓
LOMPOC	✓
PALO ALTO	✓
PLUMAS-SIERRA REC	
PORT OF OAKLAND	
REDDING	✓
ROSEVILLE	✓
SANTA CLARA	✓
SHASTA LAKE	
TID	
UKIAH	

**Northern California Power Agency  
November 28, 2022 Special Facilities Committee Meeting  
Attendance List**

NCPA Facilities Committee Members, Alternates & Staff are requested to sign, but signature by members of the public is voluntary.

<u>NAME</u>	<u>AFFILIATION</u>
Carrie Pollo	NCPA
Tony Zimmer	"
Marc Pelletier	"
Jane Huckhardt	"
Marty Hanks	"
Mike DeBartoli	"
Jeremy Lawson	"