



12745 N. Thornton Road  
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## Notice – Call of Special PPC Meeting

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**Date:** January 22, 2020  
**To:** NCPA Lodi Energy Center Project Participant Committee  
**From:** Jiayo Chiang, Chairman  
**Subject:** **January 24, 2020 LEC PPC Special Meeting Notice & Agenda**

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PLEASE TAKE NOTICE that pursuant to Government Code section 54956, a special meeting of the Northern California Power Agency Lodi Energy Center Project Participant Committee is hereby called for **Friday, January 24, 2020 at 1:30 p.m.** to discuss those matters listed in the attached Agenda. The meeting will be held at the Northern California Power Agency, 12745 N. Thornton Road, Lodi, California.

If you are unable to attend the meeting in person at the Lodi location and wish to attend via teleconference, in accordance with The Brown Act, you must attend at one of the locations listed on the Agenda and post the Agenda at that location by 1:30 p.m. no later than 24 hours prior to the meeting commencement date and time, in a location that is accessible to the public until the completion of the meeting.

  
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Jiayo Chiang, Chairman



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## LEC PPC – Special Meeting Agenda

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**Date:** January 22, 2020

**Subject:** January 24, 2020 Lodi Energy Center Project Participant Committee Special Meeting

**Location:** 12745 N. Thornton Road, Lodi, CA and/or Posted Teleconference Locations

**Time:** 1:30 p.m.

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\*\*\* In compliance with the Brown Act, you may participate in person at the meeting location or via teleconference at one of the locations listed below. In either case, please: (1) post this notice at a publicly accessible location at the participation location at least 72-hours before the meeting begins, and (2) have a speaker phone available for any member of the public who may wish to attend at your location.

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NCPA 651 Commerce Drive Roseville, CA 95678	NCPA 12745 N. Thornton Road Lodi, CA 95241	CITY OF HEALDSBURG 401 Grove Street Healdsburg, CA 95448
BAY AREA RAPID TRANSIT 300 Lakeside Drive, 16 <sup>th</sup> Floor Oakland, CA 94612	CITY OF GRIDLEY 685 Kentucky Street Gridley, CA 95948	CITY OF LOMPOC 100 Civic Center Plaza Lompoc, CA 93438
CITY OF BIGGS 465 "C" Street Biggs, CA 95917	PLUMAS-SIERRA RURAL ELECTRIC COOP 73233 Highway 70 Portola, CA 96122	POWER & WATER RESOURCES POOLING AUTHORITY 106 Polo Rd Glenwood Springs, CO 81601
CALIFORNIA DEPARTMENT OF WATER RESOURCES 2135 Butano Drive, Suite 100 Sacramento, CA 95825	SILICON VALLEY POWER/CITY OF SANTA CLARA 881 Martin Avenue Santa Clara, CA 95050	CITY OF UKIAH 300 Seminary Avenue Ukiah, CA 95482
CITY OF AZUSA 729 N. Azusa Avenue Azusa, CA 91702	MODESTO IRRIGATION DISTRICT 1231 11 Street Modesto, CA 95354	

*Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.*

*The Lodi Energy Center Project Participant Committee may take action on any of the items listed on this Agenda regardless of whether the matter appears on the Consent Calendar or is described as an action item, a report, or an information item. If this Agenda is supplemented by staff reports, they are available to the public upon request. Pursuant to California Government Code Section 54957.5, the following is the location at which the public can view Agendas and other public writings: NCPA, 651 Commerce Drive, Roseville, CA or [www.ncpa.com](http://www.ncpa.com)*

**1. Review Safety Procedures**

**2. Call Meeting to Order and Roll Call**

**PUBLIC FORUM**

Any member of the public who desires to address the Lodi Energy Center Project Participant Committee on any item considered by the Lodi Energy Center Project Participant Committee at this meeting, before or during the Committee's consideration of that item, shall so advise the Chair and shall thereupon be given an opportunity to do so. Any member of the public who desires to address the Lodi Energy Center Project Participant Committee on any item within the jurisdiction of the Lodi Energy Center Project Participant Committee and not listed on the Agenda may do so at this time.

**BUSINESS ACTION ITEMS**

- 3. LEC Unit Update and Repairs** – Staff will provide an update to the Committee regarding the current state of the LEC unit. Staff will also seek a recommendation for approval of funds to begin initial repairs on the unit, with a not to exceed amount of \$3,000,000.00.

**ADJOURNMENT**

*Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.*



## **Lodi Energy Center Project Participant Committee Staff Report**

AGENDA ITEM NO.:3

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**Date:** January 23, 2020

**Meeting Date:** January 24, 2020

**To:** Lodi Energy Center Project Participant Committee

**Subject:** Lodi Energy Center Turbine Failure

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### Proposal

Staff recommends that the Lodi Energy Center Project Participant Committee approve the expenditure of funds in an amount not-to-exceed \$3,000,000 for disassembly / investigation into the cause of the Lodi Energy Center forced outage on January 16, 2020, and to perform the associated work needed on the combustion turbine to better understand the damage and evaluate the options to repair and restore the unit to operation; and authorizes the NCPA General Manager to execute agreements and issue Purchase Orders to carry out that work. Funding will come from LEC's Maintenance Reserve account. The Reserve will be replenished with any funds reimbursed by insurance or through budget augmentations as needed. NCPA is working with Siemens Energy, Inc. through its Long Term Maintenance Program Agreement (LTMA) and will file a warranty claim depending on the outcome of the investigation. The LTMA provides coverage for \$1,000,000 per event, \$2,000,000 annual limits, which are available under the contract limitations of the Agreement. Further, NCPA will file a claim with its insurance carrier for recovery.

### Background

On January 16, 2020 @ 3:54 am LEC experienced a sudden failure on the combustion turbine. Prior to this failure, LEC had been operating steady state at 260 MW for about 2 hours, and had been online for about 2 days. From the first sign of problems to the trip was about 2 seconds.

LEC is under a long term contract with Siemens for work on the machine. This long term contract has certain warranty provisions in it, depending upon the nature and part that failed. The warranty coverage is limited to \$1,000,000 per incident. In addition, the language in the agreement requires that Siemens perform the work. If the work is subsequently discovered to be a valid warranty claim, Siemens will credit the cost back to NCPA. Upon discovery of the failure, NCPA contacted Siemens and issued purchase orders within its authority to begin disassembly work to start the investigation as to the cause of failure.

In addition NCPA filed a claim with the insurance carrier regarding the property damage loss. The deductible for insurance is \$500,000. The insurance carrier has not yet accepted the liability for the property damage, but they have mobilized their consultants to investigate the incident. NCPA will work with the insurance carrier to support the claim and establish a payment structure.

In order for work to progress without delay, NCPA needs to be able to authorize contractors to mobilize and continue work. This needs to happen before determination of warranty coverage and before insurance acceptance of the claim. NCPA has established an estimated cost for disassembly and evaluation of the turbine. Until it is understood exactly what components are damaged and what components can be refurbished, it is impossible to determine a cost for reassembly of the machine. This staff report and authorization being sought is only for the disassembly portion of this work.

#### Selection Process

During the initial procurement of LEC equipment, a Public Works bidding process was followed. Siemens was awarded the contract for the LEC equipment as a result of that bid. Under the terms of the contract, Siemens is required to perform the work on the machine in order to preserve the warranty.

#### Fiscal Impact

The turbine failure was not anticipated in the budget. The disassembly / evaluation of the turbine costs total an estimated \$3,000,000. Initially, NCPA is recommending using funds from LEC's Maintenance Reserve account. Any funds reimbursed by the insurance company will be used to replenish what was utilized from the Maintenance Reserve account. Any shortfalls will need a budget augmentation to replenish. NCPA will keep PPC advised as to the status. After the evaluation is performed, options will be presented regarding the refurbishment of the machine. A summary of the disassembly costs are in the table below.

Equipment Rentals, Cranes	\$361,621.44
Inspections / Security / Engineer	\$100,000.00
Secondary Work (scaffold, insulation)	\$575,000.00
Primary Work (turbine)	\$1,500,000.00
Contingency (~20%)	\$463,378.56
<b>TOTAL</b>	<b>\$3,000,000.00</b>

#### Environmental Analysis

These activities are categorically exempt under Class 1 and 2 from the provisions of the California Environmental Quality Act pursuant to Section 15301 (b) and 15302 (c) of the CEQA Guidelines. A Notice of Exemption was approved by the NCPA Commission on September 27, 2013 for this class of work and was filed in San Joaquin County.

Submitted by:

Joel Ledesma  
Assistant General Manager  
Generation Services