



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

AGENDA ITEM NO.: 13

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**Date:** November 13, 2017  
**To:** Lodi Energy Center Project Participant Committee  
**Subject:** FY17 Annual Billing Settlement

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### Proposal

The FY17 Annual Billing Settlement Summary for the period July 1, 2016 through June 30, 2017 is presented for approval and recommendation to the Agency Commission for its approval.

### Background

Total Annual Costs to Participants were approximately \$55.6 million. The plant generated 300,572 MWh compared to planned generation of 1,655,764 MWh. The lower than projected generation was due to economic factors that resulted in reduced plant dispatch.

Third Party Revenues for the year totaled \$20.3 million which was \$4.5 million higher than credited during collections. The increase was related to higher than expected interest received on investments and the PG&E settlement payment.

Fuel, CAISO charges and energy and ancillary services sales do not play a material role in the annual settlements process as those items are adjusted monthly in the Agency's All Resources Bill when the actual costs for these categories are invoiced by NCPA.

This year's Total Annual Net Costs were \$35.3 million. Adjusted net collections from participants totaled approximately \$37.7 million which consists of participant collections of \$36.2 million and participants' transfer gas credits of \$4.3 million, net of the transmission project refund of \$2.8 million. The net refund due to LEC participants at fiscal year-end was \$2,480,513 or 6.57% of collections.

### Fiscal Impact

Upon approval by this Committee and the Agency Commission, the amount of \$2,480,513 will be credited to the LEC project participants. NCPA member amounts will be included with their Agency's annual billing settlements and credited as one amount. LEC non-member participants will receive payment in accordance with Agency payment terms unless otherwise directed in writing.

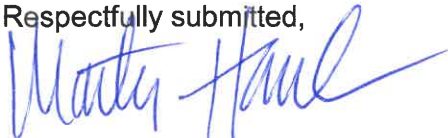
### Environmental Analysis

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.

Recommendation

NCPA Staff recommends the PPC pass a motion to approve the FY 2017 Annual Billing Settlements and to recommend that the NCPA Commission also approve the Settlements.

Respectfully submitted,



MONTY HANKS  
Assistant General Manager/CFO  
Administrative Services/Finance

Prepared by:



SONDRA AINSWORTH  
Treasurer-Controller

Attachments: (3)

- Billing Settlement Summary FY 2017
- Allocation of Project Costs – Actual FY 2017
- Settlement Analysis For the Year Ended June 30, 2017

LODI ENERGY CENTER  
Billing Settlement Summary  
FY 2017

	Total	Azusa	BART	Biggs	CDWR	Girdley	Healdsburg	Lodi	Lompoc	MID	Plumas-Sierra	PWRPA	SVP	Ukiah
Collections per All Resources Bill (ARB)	\$ 36,226,750	\$ 1,201,468	\$ 2,815,267	\$ 50,889	\$ 13,594,255	\$ 449,715	\$ 312,283	\$ 2,364,806	\$ 212,895	\$ 1,295,369	\$ 215,264	\$ 2,393,166	\$ 10,978,694	\$ 342,699
Transfer Gas Credit In ARB	\$ 4,314,366	\$ -	\$ -	\$ 63,392	\$ -	\$ 387,688	\$ 387,967	\$ 1,682,590	\$ 654,452	\$ -	\$ 118,796	\$ 601,294	\$ -	\$ 418,467
Transmission Project Refund	\$ (2,805,000)	\$ (78,139)	\$ (185,130)	\$ (7,515)	\$ (939,675)	\$ (55,099)	\$ (46,081)	\$ (286,475)	\$ (57,101)	\$ (300,536)	\$ (22,039)	\$ (74,835)	\$ (722,289)	\$ (50,089)
<b>Total Adjusted ARB Collections</b>	\$ 37,736,316	\$ 1,123,329	\$ 2,630,137	\$ 106,706	\$ 12,654,580	\$ 782,304	\$ 654,169	\$ 3,780,881	\$ 810,246	\$ 994,833	\$ 312,021	\$ 2,919,625	\$ 10,256,407	\$ 711,077
<b>Net Project Costs</b>	\$ 35,255,803	\$ 1,052,381	\$ 2,462,038	\$ 99,726	\$ 11,853,693	\$ 731,336	\$ 611,560	\$ 3,536,151	\$ 756,937	\$ 743,071	\$ 292,012	\$ 2,851,679	\$ 9,600,563	\$ 664,657
<b>Total Adjusted Costs</b>	\$ 35,255,803	\$ 1,052,381	\$ 2,462,038	\$ 99,726	\$ 11,853,693	\$ 731,336	\$ 611,560	\$ 3,536,151	\$ 756,937	\$ 743,071	\$ 292,012	\$ 2,851,679	\$ 9,600,563	\$ 664,657
<b>Net Refund</b>	\$ 2,480,513	\$ 70,948	\$ 168,099	\$ 6,980	\$ 800,887	\$ 50,968	\$ 42,610	\$ 244,730	\$ 53,309	\$ 251,762	\$ 20,009	\$ 67,947	\$ 655,843	\$ 46,420

**LODI ENERGY CENTER**  
Allocation of Project Actual  
FY 2017

Allocated by:	Total	Azusa	BART	Biggs	CDWR	Gndley	Headstburg	Lodi	Lomdoc	MID	Plumas-Sierra	PWRPA	SVP	Ukiah
Generation Entitlement Share (%)	100.0000%	2.7857%	6.6000%	0.2679%	33.5000%	1.9643%	1.6429%	9.5000%	2.0357%	10.7143%	0.7357%	2.6679%	25.7500%	1.7857%
Identured Cost Share A	100.0000%	4.9366%	11.8310%	0.4802%	0.0000%	3.5212%	2.9446%	17.0295%	3.6491%	0.0000%	1.4084%	4.7824%	46.1898%	3.2010%
Identured Cost Share B	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
<b>PROJECTED MWH</b>	<b>300,572</b>	<b>8,373</b>	<b>19,838</b>	<b>805</b>	<b>100,691</b>	<b>5,904</b>	<b>4,938</b>	<b>28,554</b>	<b>6,119</b>	<b>32,204</b>	<b>2,362</b>	<b>8,019</b>	<b>77,397</b>	<b>5,368</b>
<b>PROJECT COSTS:</b>														
Fuel Cost	9,414,010	262,797	622,619	25,089	3,160,283	184,028	153,842	889,237	189,748	1,010,752	73,103	246,219	2,429,172	167,122
Labor	4,640,466	129,269	306,271	12,432	1,554,556	91,153	76,234	440,844	94,466	487,193	36,460	123,803	1,594,950	82,885
Variable O&M	2,275,158	63,379	150,160	6,095	782,178	44,691	37,376	216,140	46,315	37,607	17,876	56,883	516,853	40,627
Fixed O&M	3,371,796	92,257	218,579	8,872	1,109,452	66,054	54,406	314,621	67,418	354,936	26,021	88,395	852,797	59,139
O&M Administration	74,027	2,062	4,886	198	24,799	1,454	1,216	7,033	1,507	7,931	582	1,975	19,082	1,322
Mandatory Costs	288,870	8,047	19,065	774	96,771	5,674	4,746	27,443	5,881	30,950	2,270	7,707	74,384	5,198
Inventory Stock	281,884	7,296	17,285	702	87,734	5,144	4,302	24,880	5,331	28,060	2,058	6,987	67,438	4,677
O&M and Capital Projects Costs	(85,310)	(2,376)	(6,530)	(229)	(28,579)	(1,676)	(1,401)	(8,104)	(1,737)	(9,140)	(670)	(2,276)	(21,967)	(1,523)
Maintenance Reserve	1,575,000	43,875	103,950	4,219	527,625	30,938	25,874	149,625	32,082	168,750	12,375	42,019	405,563	28,125
Insurance	631,812	17,600	41,700	1,693	211,657	12,411	10,379	60,022	12,862	67,694	4,964	16,896	162,692	11,282
Other Costs	2,000	58	132	5	670	39	33	190	41	214	16	53	516	35
Generation Services Shared	270,440	7,534	17,849	726	90,597	5,312	4,443	25,692	5,505	28,976	2,125	7,215	69,638	4,829
Transmission (CAISO)	384,859	20,483	15,391	601	212,539	4,410	3,688	21,325	4,570	23,458	1,764	26,195	56,428	4,009
Energy Purchases (CAISO)	3,074,449	34,223	81,093	3,293	411,577	24,143	20,194	116,755	25,024	131,636	9,654	1,878,544	316,366	21,947
<b>Debt Service Cost:</b>														
Identured Group A Cost	21,234,783	1,060,380	2,512,287	101,989	101,989	747,719	625,322	3,616,177	774,878	1,010,752	299,071	1,015,532	9,801,721	679,725
BAB's Subsidy (Group A)	(4,207,342)	(210,098)	(497,771)	(20,204)	-	(148,149)	(123,888)	(716,489)	(153,530)	-	(59,256)	(201,212)	(1,942,059)	(134,677)
Debt and Trustee Fees (Group A)	39,354	1,965	4,656	189	-	1,366	1,159	6,702	1,436	-	554	1,882	18,165	1,260
Identured Group B Cost	11,412,029	-	-	-	11,412,029	-	-	-	-	-	-	-	-	-
BAB's Subsidy (Group B)	(2,021,726)	-	-	-	(2,021,726)	-	-	-	-	-	-	-	-	-
Debt and Trustee Fees (Group B)	23,630	-	-	-	23,630	-	-	-	-	-	-	-	-	-
Administrative & General	1,749,959	48,749	115,497	4,688	586,236	34,374	28,748	166,246	35,624	187,496	13,749	46,687	450,614	31,249
Power Management Allocated Costs	1,231,928	34,318	81,307	3,300	24,199	20,298	117,038	25,078	131,992	9,679	32,867	37,221	317,221	21,999
<b>Total Project Costs</b>	<b>\$ 55,852,986</b>	<b>\$ 1,627,815</b>	<b>\$ 3,908,326</b>	<b>\$ 154,413</b>	<b>\$ 18,634,725</b>	<b>\$ 1,132,304</b>	<b>\$ 946,901</b>	<b>\$ 5,475,371</b>	<b>\$ 1,172,481</b>	<b>\$ 2,594,567</b>	<b>\$ 452,393</b>	<b>\$ 3,400,108</b>	<b>\$ 14,858,513</b>	<b>\$ 1,029,169</b>
<b>Estimated price per MWh</b>	<b>\$ 184.95</b>	<b>\$ 193.70</b>	<b>\$ 192.02</b>	<b>\$ 191.82</b>	<b>\$ 185.07</b>	<b>\$ 191.79</b>	<b>\$ 191.76</b>	<b>\$ 191.75</b>	<b>\$ 191.61</b>	<b>\$ 90.19</b>	<b>\$ 191.53</b>	<b>\$ 424.01</b>	<b>\$ 191.98</b>	<b>\$ 191.72</b>
<b>Third Party Revenue</b>														
ISO Energy Sales	15,141,359	422,197	998,449	40,527	5,075,290	297,146	248,512	1,437,102	307,948	1,620,838	118,854	407,419	3,896,947	270,130
Ancillary Services Sales	637,461	17,758	42,072	1,708	213,549	12,522	10,472	60,559	12,977	68,299	5,009	17,007	164,146	11,383
Interest & Other Income	4,408,675	122,812	290,973	11,811	1,476,306	86,600	72,426	418,824	89,747	472,359	34,639	117,619	1,135,234	78,726
Interest Income (Group A)	133,501	6,667	15,795	641	-	4,701	3,931	22,735	4,872	-	1,880	6,385	61,622	4,273
Interest Income (Group B)	15,287	-	-	-	15,287	-	-	-	-	-	-	-	-	-
<b>Total Project Costs</b>	<b>\$ 20,336,283</b>	<b>\$ 569,434</b>	<b>\$ 1,347,288</b>	<b>\$ 54,687</b>	<b>\$ 6,781,033</b>	<b>\$ 400,968</b>	<b>\$ 335,341</b>	<b>\$ 1,939,219</b>	<b>\$ 415,544</b>	<b>\$ 2,161,496</b>	<b>\$ 160,382</b>	<b>\$ 548,429</b>	<b>\$ 5,257,949</b>	<b>\$ 364,512</b>
<b>Annual Project Costs, net</b>	<b>\$ 35,255,803</b>	<b>\$ 1,052,381</b>	<b>\$ 2,462,038</b>	<b>\$ 99,726</b>	<b>\$ 11,853,693</b>	<b>\$ 731,336</b>	<b>\$ 611,560</b>	<b>\$ 3,536,151</b>	<b>\$ 756,937</b>	<b>\$ 743,071</b>	<b>\$ 292,012</b>	<b>\$ 2,851,679</b>	<b>\$ 9,600,563</b>	<b>\$ 664,657</b>
<b>Estimated price per MWh, net</b>	<b>\$ 117.30</b>	<b>\$ 125.69</b>	<b>\$ 124.11</b>	<b>\$ 123.88</b>	<b>\$ 117.72</b>	<b>\$ 123.87</b>	<b>\$ 123.85</b>	<b>\$ 123.84</b>	<b>\$ 123.70</b>	<b>\$ 23.07</b>	<b>\$ 123.63</b>	<b>\$ 355.62</b>	<b>\$ 124.04</b>	<b>\$ 123.82</b>
<b>Summary of Variable and Fixed Project Costs:</b>														
Variable Costs	\$ 15,158,476	\$ 380,882	\$ 869,264	\$ 35,078	\$ 4,546,577	\$ 257,272	\$ 215,100	\$ 1,243,457	\$ 265,657	\$ 1,409,613	\$ 102,397	\$ 2,211,657	\$ 3,387,817	\$ 233,705
Fixed Costs	\$ 40,433,610	\$ 1,240,933	\$ 2,940,063	\$ 119,335	\$ 14,088,148	\$ 875,032	\$ 731,801	\$ 4,231,914	\$ 906,823	\$ 349,954	\$ 1,188,451	\$ 1,188,451	\$ 11,470,696	\$ 795,464
<b>Total Project Costs</b>	<b>\$ 55,592,086</b>	<b>\$ 1,621,815</b>	<b>\$ 3,809,328</b>	<b>\$ 154,413</b>	<b>\$ 18,634,725</b>	<b>\$ 1,132,304</b>	<b>\$ 946,901</b>	<b>\$ 5,475,371</b>	<b>\$ 1,172,481</b>	<b>\$ 2,594,567</b>	<b>\$ 452,393</b>	<b>\$ 3,400,109</b>	<b>\$ 14,858,513</b>	<b>\$ 1,029,169</b>
<b>JPA Assessment (per PMOA)</b>	<b>\$ 126,073</b>	<b>\$ 7,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,034</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,196</b>	<b>\$ -</b>	<b>\$ 6,772</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Unfunded/(Excess)</b>	<b>\$ (2,480,513)</b>	<b>\$ (70,948)</b>	<b>\$ (168,099)</b>	<b>\$ (6,980)</b>	<b>\$ (800,887)</b>	<b>\$ (50,968)</b>	<b>\$ (42,610)</b>	<b>\$ (244,730)</b>	<b>\$ (53,309)</b>	<b>\$ (251,762)</b>	<b>\$ (20,009)</b>	<b>\$ (67,947)</b>	<b>\$ (555,843)</b>	<b>\$ (46,420)</b>

Y PWRPA takes their share of energy from LEC via Inter-SC trades settled through LEC. At the same time, PWRPA's SC receives a corresponding credit on their ISO invoice.  
Z Generation Entitlement Share (GES) is synonymous with commonly used terms of Project Percentage, Project Share, Third Phase share.

NORTHERN CALIFORNIA POWER AGENCY  
LODI ENERGY CENTER  
SETTLEMENT ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

	Collections	Actual Costs	Refund/(Deficit)	Explanations and Comments	
<b>COLLECTIONS/COSTS ANALYSIS:</b>					
Variable O&M	\$ 5,106,877	\$ 2,275,158	\$ 2,831,719	<p><b>General:</b> Lodi Energy Center operates as a business plant designed to meet electric generation demand and reliability as determined by CAISO. The plant began operations late November 2012.</p> <p><b>Routine O&amp;M:</b> Routine O&amp;M costs were less than collections by \$3.2 million primarily due to decrease of \$2.8 million in variable O&amp;M costs and decrease of \$0.4 million in other operating costs. Variable O&amp;M costs were lower than projected due to reduced generation output driven by market forces.</p> <p><b>Other Costs:</b> Fuel costs were lower than budgeted due to decreased generation driven by CAISO economic dispatch, CAISO energy costs were primarily driven by energy purchases by participants and to CAISO calls for regulation down resulting in additional market purchases. Fuel, CAISO costs and CAISO energy purchases are billed when incurred. Administrative and General (A&amp;G) costs are allocated to generation plants based on person years and costs. A&amp;G costs were less than projected overall resulting in reduced A&amp;G allocation to the plant.</p>	
Fixed O&M	3,250,596	3,311,796	(61,200)		
Administration	226,653	74,027	152,636		
Mandated Costs	291,357	288,870	2,487		
Inventory Stock	400,000	261,894	138,106		
Subtotal Routine O & M Costs without Labor	9,275,493	6,211,745	3,063,748		
Labor	4,765,279	4,640,466	124,813		
Total Routine O & M Costs	14,040,772	10,852,211	3,188,561		
<b>Other Costs</b>					
Fuel	9,414,010	9,414,010	-		
CAISO Charges	394,859	394,859	-		
CAISO Energy Purchases	3,074,449	3,074,449	-		
Debt Service	26,437,261	26,417,744	19,517		
Insurance	770,000	631,812	138,188		
Other Costs	56,906	64,984	(8,078)		
Administrative & General	2,063,038	1,749,959	313,079		
Generation Services Shared	343,414	270,440	72,974		
Power Management Allocated Costs	1,327,566	1,231,928	95,638		
Total Other Costs	43,881,503	43,250,185	631,318		
Total O & M Costs	57,922,275	54,102,396	3,819,879		
<b>Projects</b>					
Operations & Maintenance	30,000	(124,453)	154,453		
Capital Projects	1,200,000	39,143	1,160,857		
Maintenance Reserve	1,575,000	1,575,000	-		
Total Projects	2,805,000	1,489,690	1,315,310		
<b>Annual Collections/Costs</b>	<b>60,727,275</b>	<b>55,592,086</b>	<b>5,135,189</b>		
<b>THIRD PARTY REVENUE ANALYSIS:</b>					
ISO Energy Sales	15,141,359	15,141,359	-	<p><b>Third Party Revenues:</b> Third party revenue was higher by \$4.5 million primarily due to higher interest income earned on investments due to increases in short term interest rates and due to PG&amp;E settlement payment. Revenues from ISO Energy Sales and Ancillary Services are credited to participants in the ARB when received.</p> <p><b>B - PG&amp;E settlement payment</b> was refunded to participants in the July and August ARB. For settlement purpose, this amount is refunded equally each month for the year.</p>	
Ancillary Services Sales	637,461	637,461	-		
Interest Income - Operations	5,950	47,456	(41,506)		
Interest Income (NCPA)	32,667	133,501	(100,834)		
Interest Income (CDWR)	5,872	15,287	(9,415)		
Other Income	3,130	4,361,219	(4,358,089)		
<b>Total Third Party Revenue</b>	<b>15,826,439</b>	<b>20,336,283</b>	<b>(4,509,844)</b>		
<b>Net Plant Collections/Costs<sup>(A)</sup></b>	<b>\$ 44,900,836</b>	<b>\$ 35,255,803</b>	<b>\$ 9,645,033</b>		
<b>OTHER ITEMS:</b>					
Natural Gas Transfer Credit <sup>(A)</sup>	(4,314,563)	(4,314,563)	-		
Transmission Project Refund	(2,805,000)	-	(2,805,000)		
PG&E Settlement Refund <sup>(A)</sup>	(4,359,910)	-	(4,359,910)		
<b>Net Project Collections/Costs</b>	<b>\$ 33,421,363</b>	<b>\$ 30,941,240</b>	<b>\$ 2,480,123</b>		

(A) Total of Net Plant Collections plus Natural Gas Transfer Credit and PG&E Settlement Refund equals Net Project Collections on All Resources Bills.