

# **Sierra Valley Energy Authority Services Agreement**

Facilities Committee

May 3, 2017

## Background

- Placer County has formed a JPA for the purpose of establishing and managing a Community Choice Energy (CCE) program
  - Sierra Valley Energy Authority
- Placer County has expressed an interest in taking certain scheduling and portfolio management services from NCPA
- NCPA has been working with Placer County regarding high level concepts of portfolio design and composition, but such advice has been limited in nature
- It is forecasted that the Sierra Valley Energy Authority will serve a majority of the load in Placer County
  - Excluding the City of Roseville

## Scope of Services

- Proposed Scope of Services
  - Scheduling Coordination Services (Agent)
    - Submission of Bids
    - Outage Coordination
    - Meter Data Validation
  - Control Center Services
    - Real-Time Monitoring and Coordination
  - Portfolio Management and Optimization
    - Pre-Scheduling
    - Forecasting
    - Resource Management
    - Risk Management

## Services Agreement

- NCPA has developed a draft Services Agreement for SVEA
  - Defined Scope of Services
  - Defined Compensation
    - Escalated at 2% per year
  - Liability Protection and Limited Liability
    - Liability based on insurance limits
  - Collateral / Security Requirements
  - Term
    - Initial Term of two (2) years
    - Automatic extension

## Compensation

- Compensation amounts for proposed Services have not been defined
- Proposed approach:
  - Develop an estimate of the cost of service using the Nexant Cost Allocation Model
  - Adjust the results of the estimate, as needed, to account for market alternatives
- Seeking authorization from the Commission to delegate authority to NCPA's General Manager to negotiate the cost of service with SVEA, within a predefined range

# Modeling Assumptions

- Load
  - 1 to 1.5 Million MWh per year
- Contracts
  - 4 24x7 power supply contracts
  - 2 On-Peak power supply contracts
- Schedules
  - DAM
    - 7 x 365 (1 Load and 6 Supply Contracts)
  - RTM (100 schedules)
- Direct Assignments
  - Forecasting: 10% of Pool Direct Assignment
  - Resource Planning: 20% of Pool Direct Assignment
  - Pre-Scheduling: 10% of Direct Assignment
  - Risk Management: 25% of Pool Direct Assignment
- Integrated Systems: 3 IT Units

# Model Estimate

	General Power Mgt	Direct Assignments	Pool Allocation	System Integration	FY 2018 Power Mgmt Total Pwr Mgmt	Adjustment
Alameda	\$686,342		\$290,603	\$26,643	\$1,003,588	(\$64,084)
BART	\$400,056	\$165,165	\$82,439	\$9,312	\$656,971	(\$68,027)
Biggs	\$39,280		\$20,206	\$865	\$60,351	(\$4,732)
Gridley	\$40,659		\$21,333	\$3,848	\$65,841	(\$5,211)
Healdsburg	\$117,631		\$57,003	\$2,466	\$177,100	(\$11,789)
Lodi	\$680,838		\$268,059	\$11,934	\$960,831	(\$57,396)
Lompoc	\$187,469		\$84,548	\$3,774	\$275,791	(\$18,965)
Palo Alto	\$872,399		\$398,774	\$43,301	\$1,314,474	(\$69,359)
Plumas Sierra	\$208,329		\$123,926	\$11,040	\$343,295	(\$24,087)
Port of Oakland	\$219,706		\$105,841	\$5,001	\$330,548	(\$30,942)
Roseville	\$444,826	\$48,173	\$0	\$31,040	\$524,039	(\$17,546)
Santa Clara	\$2,854,705	\$48,173	\$0	\$99,328	\$3,002,206	(\$122,019)
Sierra Valley Energy	\$303,440	\$234,822	\$0	\$9,312	\$547,573	\$547,573
Truckee-Donner	\$0	\$0	\$0	\$0	\$0	(\$0)
Turlock Irrigation District	\$93,679	\$6,882	\$0	\$18,624	\$119,185	(\$4,828)
Ukiah	\$287,904		\$130,226	\$9,080	\$427,210	(\$28,737)
	\$7,437,264	\$503,214	\$1,582,957	\$285,568	\$9,809,003	\$19,852
Direct to Programs - LEC	\$1,144,534	\$130,755		\$24,832	\$1,300,122	(\$19,852)
	\$8,581,798	\$633,969	\$1,582,957	\$310,400	\$11,109,125	\$0

## Staff Proposal

- Based on the output of the Nexant Cost Allocation Model, define a preauthorized range in which the General Manager of NCPA may negotiate the amount of compensation for the Services rendered
- Once a fixed services fee is determined, increase such amount annually at a 2% escalation rate
  - Consistent with PCWA and MEID
- Possible Range:
  - Plus / Minus 15% of model estimate



## Recommendation

- NCPA staff recommends Facilities Committee approval and recommendation for Commission approval to: (i) enable NCPA to develop and negotiate a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to Sierra Valley Energy Authority, and (ii) to delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Sierra Valley Energy Authority for NCPA's provision of Services, within a defined range as determined by the Commission

# Questions / Comments