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LEC PPC Meeting Minutes

Date: April 9, 2018

Time: 10:00 a.m.

Location: Lodi Energy Center – 12745 N. Thornton Rd, Lodi, CA 95242 and by teleconference

Subject: Lodi Energy Center Project Participant Committee Meeting

1. Call Meeting to Order and Roll Call

The PPC meeting was called to order at 10:00 a.m. by Chairman Martin Caballero. He asked that roll be called for the Project Participants as listed below.

PPC Meeting Attendance Summary		
Participant	Attendance	Particulars / GES
Azusa - Lehr	Absent	2.7857%
BART - Lloyd	Absent	6.6000%
Biggs - Sorenson	Present	0.2679%
CDWR - Yarbrough	Present	33.5000%
Gridley - Borges	Absent	1.9643%
Healdsburg - Crowley	Absent	1.6428%
Lodi - Chiang	Present	9.5000%
Lompoc - Singh	Absent	2.0357%
MID - Caballero	Present	10.7143%
Plumas-Sierra - Brozo	Absent	0.7857%
PWRPA - Bradley	Present	2.6679%
SVP - Hance	Present	25.7500%
Ukiah - Grandi	Absent	1.7857%
Summary		
Present	6	82.4001%
Absent	7	17.5999%
Quorum by #:	No	
Quorum by GES:	Yes	
Meeting Date:	April 9, 2018	

Public Forum

Chairman Caballero asked if any members of the public were present in Lodi or at any of the other noticed meeting locations who would like to address the PPC on any agenda items or on any item within the jurisdiction of the LEC PPC and not listed on the agenda. No members of the public were present.

2. Meeting Minutes

The draft minutes from the March 12, 2018 Regular Meeting were considered. The LEC PPC considered the following motion:

Date: 4/9/2018

Motion: The PPC approves the minutes from the March 12, 2018 Regular Meeting as presented or *including any edits discussed at today's meeting.*

Moved by: CDWR

Seconded by: Lodi

Discussion: No further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Absent	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Absent	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.4001%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	17.5999%
Result:	Motion Passes	

MONTHLY REPORTS

3. Operational Reports for March 2018

Jeremy Lawson presented the Operational Report for March 2018. There were no OSHA recordable accidents, no NERC/WECC and no permit violations. There were two outages in the month of March. The first outage was due to a Natural Gas pilot valve mismatch, which resulted in a delayed start. The second outage was due to failure of Gas Compressor B, which necessitated a restart of the unit. There are no changes to the 2018 outage schedule. Jeremy gave the Committee a brief update as to the status of the current outage, including the work being completed.

The operational report reflected monthly production of 136,133 MWH, 586 service hours, and equivalent operating availability of 99.7%. The report set for the Capacity Factor @ 280 MW Pmax of 65.4% and 302 MW Pmax of 60.7%. There were 6 hot starts, 9 warm starts, and 0 cold starts during the month.

4. Market Data Report for March 2018

Mike Whitney presented the operating and financial settlement results for the month. LEC was committed to CAISO 29 out of 31 available days, with a monthly availability level of 99.98%, resulting in an incentive payment. Most startups were for 24 hour runs, with little to no short-term runs in the month of March. The increase in 24 hour runs were likely a result of unsettled and stormy weather throughout the month.

5. Monthly Asset Report

Mike DeBortoli presented the monthly asset report for February 2018. Mike reported that the unit ran more than forecasted, with long run times and high revenues. Mike reviewed the monthly historical comparisons as well as the 12-month history.

6. Bidding Strategies Report

Ken Goeke presented the Bidding Strategies Report for March 2018. Ken reviewed bidding and calculating net start-up costs. Normal Bidding Strategies were implemented during March. Very little congestion was observed during March. Ken reviewed DA and RT net revenues over the month with the Committee. Since the plant is in an outage, Ken did not share any bidding information on the first few days of the current month.

Consent Calendar (Items 7 – 14)

The consent calendar was considered. Chairman Caballero asked if any Participant wished to have any item removed for separate discussion. Hearing no requests, he then asked if any Participant wished to abstain from one or more items on the Consent Calendar. There were no abstentions. The LEC PPC considered the following motion:

Date: 4/9/2018

Motion: The PPC approves the Consent Calendar items consisting of agenda items no. **7.** Treasurer's Report for March 2018; **8.** Financial Reports for March 2018; **9.** GHG Reports excerpted from monthly ARB; **10.** Herold and Mielenz,

Inc. MTGSA not to exceed \$750,000 for motor maintenance services, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members; **11.** Chemical Waste Management ISA not to exceed \$1,500,000 for industrial waste disposal services, for use at all facilities owned and/or operated by NCPA; **12.** TNT Industrial Contractors, Inc. MTGSA not to exceed \$2,000,000 for general T&M maintenance services, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members; **13.** Halliburton Energy Services, Inc. MTGSA not to exceed \$1,000,000 for injection well related services, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members; **14.** Leidos Engineering, LLC MTPSA with a not to exceed amount of \$1,000,000 for professional engineering services, for use at all facilities owned and/or operated by NCPA, its Members, SCPPA, or SCPPA Members.

Moved by: Lodi
Seconded by: CDWR

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Absent	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Absent	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.4001%
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Total Absent	7	17.5999%
Result:	Motion Passes	

BUSINESS ACTION ITEMS

15. Siemens Energy, Inc. LTMPA Change Order No. 1

Mike reviewed with the Committee the reasons for the change. Mike also reviewed what changes would be included in Change Order No.1. Among the largest changes, the inclusion of two rotor exchanges to occur during two of the three Majors (this was not included in the original agreement). Siemens originally quoted these rotor exchanges at \$4.2mm, however, they have updated that quote to \$3.6mm. Mike outlined some of the provisions included around this Change Order No. 1.

This Change Order also adds a Steam Turbine heat blanket to the scope. This will assist in minimizing startup and fuel costs by keeping the unit warm for faster turnarounds. The expanded scope also includes generator inspections during the Majors.

Siemens will also be adding Flex Fire for an additional 8 MW. NCPA will be limited to 5,000 hours per maintenance period at a cost of \$110/fired hour when in use. This capability is already built in to the unit and would be available for use immediately. This feature would primarily be for use during summertime, when temperatures are hot.

The updated Scope will also include Energy Management System consulting for a period of 3-years by SWS (the company that authored the CAISO software). SWS would provide this consulting twice a year.

The Change Order will expand the sunset date to 2041 to accommodate the additional work in the expanded scope. The Cancellation Costs would also be increasing to 14% until the Major, and 18% after that.

Mike shared charts with the Committee outlining the increased Cancellation Costs, as well as impact on Fired Hour costs, and the impact on the FY19 Budget. Overall, this Change Order will save Project Participants \$990,362/year.

Chairman Caballero asked whether additional cancellation provisions had been included in the Change Order, as previously discussed. NCPA General Counsel Jane Luckhardt stated that attempts to negotiate additional cancellation provisions and protections did not go as hoped, and it was determined that it would be better for NCPA to leave the current cancellation language in the agreement unchanged.

The PPC considered the following motion:

Date: 4/9/2018

Motion: The PPC approves Change Order No. 1 to the Long-Term Maintenance Program Agreement with Siemens Energy, Inc. expanding the scope to include additional items and extending the sunset date from 2035 to 2041, for use at the Lodi Energy Center.

Moved by: CDWR

Seconded by: Lodi

Discussion: No further discussion

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Absent	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Absent	2.0357%
Modesto	Yes	10.7143%
Plumas-Sierra	Absent	0.7857%
PWRPA	Yes	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.4001%
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16. Lodi Energy Center FY19 Annual Budget

Mike reviewed the FY19 Annual Budget for Lodi Energy Center with the Committee. He stressed that this budget assumes approval and adoption of Change Order No. 1 to the LTMPA with Siemens Energy, as well as approval of the T3000 Service Agreement with Siemens.

The overall FY19 budget decreased by an additional \$200,000 from what was presented last month; this decrease primarily came from A&G. Mike reviewed the Variable O&M, as well as minor changes in Other Costs and A&G.

There are two proposed O&M projects for FY19: LEC Platform Improvement project and the CSSP Monitoring Software. Jeremy reviewed both projects for the Committee.

- The LEC Platform Improvement project would replace the temporary scaffolding currently being used. This is a safety project. Total estimated cost of this project is \$100,000.
- The CSSP Monitoring Software project will monitor NCPA's system for electronic intrusions. This software would be added at all NCPA facilities. The total cost for LEC would be \$52,000. This cost includes 3 years of licensing and support. This is required

per NCPA Control Systems Security Program and aligns with Industry Best Practices. The software would monitor for viruses, changes in NCPA's systems, and network traffic anomalies to detect threats.

Monty clarified some points regarding the O&M Reserve amount show on page H-1 of the budget, including options for utilizing these refunds towards the end of year True-Up if there was a shortfall.

Mike reviewed some additional tables with the Committee, including the overall 10 year net cost to Members. Mike also clarified that, if the T3000 Service Agreement is not approved, Mike will come back and ask the PPC for \$400,000 to fund the T3000 service as a Project.

The PPC considered the following motion:

Date: 4/9/2018

Motion: The PPC approves the Fiscal Year 2019 LEC budget, as well as the update to the PMOA Schedule 1, Exhibit 2 (Variable Operation and Maintenance Cost).

Moved by: Lodi

Seconded by: CDWR

Discussion: No further discussion

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Absent	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
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CLOSED SESSION

17. Adjourned to Closed Session

The PPC adjourned to Closed Session at 11:35 a.m. A Closed Session discussion was had pursuant to California Government Code Section 54956.9(d)(1) regarding Pacific Gas and Electric Company's 2019 Gas Transmission and Storage Rate Case, *Application of Pacific Gas and Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2019 – 2021*, California Public Utilities Commission Application 17-11-009 (filed November 17, 2017).

At 11:41 a.m. the Committee returned to Open Session. General Counsel Jane Luckhardt advised that no reportable action was taken during the Closed Session.

INFORMATIONAL ITEMS

18. Additional Operational Updates

Jeremy Lawson notified the Committee that there would be a 50th Anniversary Celebration and BBQ immediately following the May 14, 2018 LEC PPC meeting. Randy Howard will be attending, along with a panel of guest speakers and additional NCPA staff. LEC PPC members are encouraged to attend in-person, along with any additional personnel they wish to invite.

Adjournment

The next regular meeting of the PPC is scheduled for May 14, 2018.

The meeting was adjourned at 11:46 AM.

Submitted by: Michelle Schellentrager