

Lodi Energy Center
Project Participant Committee Regular Meeting
November 13, 2017 - MEETING MINUTES
 Location: Lodi Energy Center
 12745 N. Thornton Rd, Lodi CA 95242
 and by teleconference
 10:00 A.M.

1. Call Meeting to Order and Roll Call

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

PPC Meeting Attendance Summary		
Participant	Attendance	Particulars / GES
Azusa - Morrow	Present	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	Absent	2.6679%
SVP - Hance	Absent	25.7500%
Ukiah - Grandi	Absent	1.7857%
Summary		
Present	5	56.7679%
Absent	8	43.2321%
Quorum by #:	No	
Quorum by GES:	Yes	
Meeting Date:	November 13, 2017	

Public Forum

Chairman Morrow 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 of the regular meeting held on October 9, 2017 were considered. The LEC PPC considered the following motion:

Date: 11/13/2017

Motion: The PPC approves the October 9, 2017 Meeting Minutes as presented or *including any edits discussed at today's meeting.*

Moved by: CDWR

Seconded by: MID

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	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	Absent	2.6679%
Silicon Valley Power	Absent	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	5	56.7679%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	8	43.2321%
Result:	Motion Passed	

MONTHLY REPORTS

3. Operational Reports for October 2017

Jeremy Lawson presented the Operational Report for October. There were no OSHA recordable accidents, no NERC/WECC or permit violations, and no forced outages. There are no changes to the 2018 outage schedule.

The operational report reflected monthly production of 136,030 MWH, 545 service hours, and equivalent operating availability of 100%. The report set for the Capacity Factor @ 280MW Pmax of 65.3% and 302MW Pmax of 60.5%. There were eight hot starts, twelve warm starts, and zero cold starts during the month. It was noted that, during the period of June 2017 – September 2017, there have been 300 starts (all CT Plants).

4. Market Data Report for October 2017

Mike Whitney presented the operating and financial settlement results for the month. LEC was committed to CAISO 31 out of 31 available days. Most starts had 15-hour runs, with multiple runs during the AM and PM ramps. George Morrow thanked everyone who played a part in managing the plants so well.

5. Monthly Asset Report

Mike DeBortoli presented the monthly asset report for September 2017. Mike reported that September saw a continuation of the upward trend of record margins for the plant. A number of factors likely contributed to another record month, including the reduction in natural gas price due to the natural gas agreement with PG&E, as well as unseasonably warm temperatures in Southern California for this time of year. Mike reviewed the monthly historical comparisons as well as the 12-month history.

6. Bidding Strategies Report

Ken Goeke reviewed the monthly Bidding Strategies data for October 2017. Ken reviewed bidding and calculating net start-up costs. The start-up costs for the month of October were lower due to the plant running more often. Ken shared a new slide which better illustrated where negative congestion came from on October 24th and 25th, and how bidding would have been adjusted had the pattern of congestion continued. Ken reported that daily data results are available for review on the LEC PPC extranet site. Ken reiterated that the data contained in the reports should be considered confidential, as it contains bidding strategies.

Consent Calendar (Items 7 – 11)

The consent calendar was considered. Chairman Morrow 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: 11/13/2017

Motion: The PPC approves the Consent Calendar items consisting of agenda items no. **7.** Treasurer's Report for October 2017; **8.** Financial Reports for October 2017; **9.** GHG Reports excerpted from monthly ARB; **10.** Sabah International, Inc. five year Multi-Task General Services Agreement not to exceed \$500,000 for fire system maintenance services, for use at all NCPA, Member, SCPA, and SCPA Member facilities; **11.** Sunshine Metal Clad, Inc. five year Multi-Task General Services Agreement not to exceed \$1,000,000 for insulation services, for use at all NCPA, Member, SCPA, and SCPA Member facilities.

Moved by: CDWR

Seconded by: Lodi

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	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	Absent	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.5179%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	17.4821%
Result:	Motion Passes	

BUSINESS ACTION ITEMS

12. 2018 NCPA Property Insurance Renewal

Monty Hanks shared an overview of the process staff utilized for soliciting offers from firms for NCPA property insurance coverage. Staff opted to combine NCPA and LEC into the same package. George Morrow asked how costs would be allocated between LEC and non-LEC projects. Monty explained that bundling NCPA and LEC into one package would result in up to 5% reduction on costs, and that the LEC and NCPA portfolios were still separate within the package. Monty shared the preliminary coverage results with the Committee.

Date: 11/13/2017

Motion: The PPC recommends delegating authority to NCPA to negotiate and bind coverage at amounts not-to-exceed proposed premiums at \$558k, consistent with the coverages outlined in the presentation.

Moved by: Lodi

Seconded by: CDWR

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
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Plumas-Sierra	Absent	0.7857%
PWRPA	Absent	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.5179%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	17.4821%
Result:	Motion passes	

13. FY17 Annual Billing Settlements

Monty Hanks reviewed the FY17 annual billing statement with the Committee. Monty reviewed the final results, and what areas of the budget the funds were coming from. George Morrow requested a breakdown of the final figure. Monty shared the Staff Report and shared a table with a breakdown of the refund amounts.

Eric Siu walked the Committee through the calculations used to determine the final refund amount. Each participant has the option to apply their refund to O&M costs for next year (as a credit). Participants interested in that credit option will need to notify AP no later than the December LEC PPC meeting. NCPA staff will send out in inquiry to participants regarding refund preference.

Date: 11/13/2017

Motion: The PPC recommends approval of the FY17 Annual Billing Settlements as presented 11/13/2017 for the period of July 1, 2016 through June 30, 2017, totaling approximately \$2.48m.

Moved by: MID

Seconded by: Lodi

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Absent	6.6000%
Biggs	Yes	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
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Lodi	Yes	9.5000%
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Plumas-Sierra	Absent	0.7857%
PWRPA	Absent	2.6679%
Silicon Valley Power	Yes	25.7500%
Ukiah	Absent	1.7857%
Vote Summary		
Total Ayes	6	82.5179%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	17.4821%
Result:	Motion passes	

14. FY18/19 Budget Guidelines

Monty Hanks stated that this item has never been presented at LEC PPC before, but staff now feels it is important to give the LEC PPC an opportunity to review and approve the proposed budget recommendations; staff plans to present this each year to LEC PPC, prior to presenting it to UD's and Commission. This item was already presented to UD's and approved by the Commission in the October Commission Meeting.

Monty shared the process used in building the budget, and touched on some issues which impacted the FY2018 and 2019 budgets. Monty also shared the final budget recommendation. George Morrow felt that a formal approval from the LEC PPC was not necessary, as this item had already been approved by the Commission. George stated that he was appreciative of staff presenting this to the LEC PCC. No motion was made.

15. Review of Underwriter RFP for LEC Indenture One Bonds

Monty Hanks gave an overview of the process through which NCPA staff solicited RFP's from banks for the sale of the LEC Indenture One Bonds. Monty shared how the proposed tax bill could result in the repeal of advanced refunding exemptions, and how that could impact NCPA and its Members.

Monty shared a chart of LEC debt, highlighting the bonds proposed for bond refunding via bank placement. Monty explained that the refunding options had already been presented to the Finance Committee, and that the Randy Howard and the Finance Committee had expressed an

interest in moving forward with a direct sale to Bank of America. George Morrow took a casual poll of LEC PPC attendees present, and it appeared everyone was in agreement with NCPA moving forward. Monty outlined next steps for the Committee. Monty stated that staff will bring this item to the December LEC PPC meeting for a formal vote before finalizing the sale of the bonds.

INFORMATIONAL ITEMS

16. Update on NCPA Policy on Revenue Allocation

James Takehara presented an update to the Committee on the revenue allocation issue. The final proposal was presented and approved by the NCPA Commission in the October Commission Meeting. These changes will go into effect for FY18. Non-members will see these changes implemented as a part of the end of year true-ups.

James reviewed that this will allow revenues from the Nexant model to be allocated to non-member project participants. Non-members are estimated to receive roughly \$32 ~~million~~thousand. Commission approval was granted with the understanding that staff would review this policy every five years.

CDWR expressed their appreciation to NCPA staff for all of their time and effort on this policy change. George Morrow seconded CDWR's comments, and added that he thanks James Takehara, specifically, for his hard work.

17. Additional operational Updates

Ken Speer shared CDWR's request to update their Alternate Representative to the LEC PPC; this item does not require a formal Staff Report or vote, just notification to the LEC PPC.

Ken Speer also mentioned that staff will be reviewing and updating the LEC PPC Distribution Lists and requested that LEC PPC members review the contacts listed and notify Michelle of any changes that should be made. George Morrow asked that we be aware of who is on both distribution lists, and that we try to keep it limited to only those who need to be.

George Morrow shared that this would be his last LEC PPC meeting, as he had recently accepted a job at a municipal utility in Texas. George commented that it was an honor to be involved in the project and to have the opportunity to work with NCPA. Ken Speer stated that NCPA has been fortunate to have George be a part of the LEC project from its inception, and that we wish him best of luck on his future endeavors. Martin Caballero will be acting Chair of the LEC PPC until a new Chair is voted in. This will be an agenda item for the December LEC PPC Meeting.

Adjournment

The next regular meeting of the PPC is scheduled for Monday, December 11, 2017.

The meeting was adjourned at 11:44am.

Submitted by: Michelle Schellentrager