

Lodi Energy Center
Project Participant Committee Regular Meeting
December 11, 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 Vice 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	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	Present	1.6428%
Lodi - Chiang	Present	9.5000%
Lompoc - Singh	Present	2.0357%
MID - Caballero	Present	10.7143%
Plumas-Sierra - Brozo	Absent	0.7857%
PWRPA - Bradley	Absent	2.6679%
SVP - Hance	Present	25.7500%
Ukiah - Grandi	Absent	1.7857%
Summary		
Present	8	86.1964%
Absent	5	13.8036%
Quorum by #:	Yes	
Quorum by GES:	Yes	
Meeting Date:	December 11, 2017	

Public Forum

Vice 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 of the regular meeting held on November 13, 2017 were considered. The LEC PPC considered the following motion:

Date: 12/11/2017

Motion: The PPC approves the November 13, 2017 Meeting Minutes as presented or *including any edits discussed at today's meeting.*

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	Yes	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	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	8	86.1964%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	5	13.8036%
Result:	Motion passes	

INDENTURE GROUP A MEETING – ACTION ITEMS

See separate minutes for meeting of Indenture Group A Participants

MONTHLY REPORTS

4. Operational Reports for November 2017

Jeremy Lawson presented the Operational Report for November. There were no OSHA recordable accidents, and no NERC/WECC or permit violations. There was one outage, which occurred on November 16th and which was the result of the watchdog input-output card failing. This failure caused the plant to trip, delaying a scheduled startup. The card has been replaced and staff is now working with Seimens to correct the underlying issues which may have caused the failure. There was one change to the 2018 April outage plan: there will be no generator inspections taking place during this outage.

The operational report reflected monthly production of 126,577 MWH, 487 service hours, and equivalent operating availability of 100%. The report set for the Capacity Factor @ 280MW Pmax of 62.8% and 302MW Pmax of 58.2%. There were eight hot starts, sixteen warm starts, and zero cold starts during the month. It was noted that the plant was starting and/or running every day of November.

5. Market Data Report for November 2017

Mike Whitney presented the operating and financial settlement results for the month. LEC was committed to CAISO 30 out of 30 available days. There were several 24-hour runs during the month, while a majority of the starts had 13 to 18-hour runs. As noted in the previous month, most runs took place during the morning and evening/overnight ramps. Azusa asked whether the plant was losing money on CAISO buyback costs. Ken Goeke explained that the plant does not lose money on CAISO buyback costs because of the bidding strategies used by staff, including limited reg down bids during hours when prices may be higher.

6. Monthly Asset Report

Mike DeBortoli presented the monthly asset report for October 2017. Mike reported that the plant continued to see strong revenues, with energy prices being slightly lower than forecast. Mike shared that two steam bypass valves are having issues; Mike reviewed the current plan for fixing each of the valves. Mike reviewed the monthly historical comparisons as well as the 12-month history.

7. Bidding Strategies Report

Ken Goeke reviewed the monthly Bidding Strategies data for November 2017. Ken reviewed bidding and calculating net start-up costs. The plant was awarded every day in November. Most revenues for the month were earned through DA bidding. Ken pointed out the day that the plant tripped as a result of the input-output card failure; unfortunately, this happened during high price hours. MID asked whether it was typical for prices to be so high in the morning. Ken responded that high morning prices, such as the ones on the day the plant tripped, are an anomaly, and not typical. 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 8 – 12)

The consent calendar was considered. Vice 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: 12/11/2017

Motion: The PPC approves the Consent Calendar items consisting of agenda items no. **8.** Treasurer's Report for November 2017; **9.** Financial Reports for November 2017; **10.** GHG Reports excerpted from monthly ARB; **11.** Dekomte De Temple, LLC five year Multi-Task General Services Agreement not to exceed \$500,000 for BOP/HRSG expansion joints and insulation services, for use at all NCPA, Member, SCPPA, and SCPPA Member facilities; **12.** Transmission and Distribution Services, LLC five year Multi-Task General Services Agreement not to exceed \$1,000,000 for transformer maintenance services, for use at all NCPA, Member, SCPPA, and SCPPA Member facilities.

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%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	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	7	84.5536%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	6	15.4464%
Result:	Motion passes	

BUSINESS ACTION ITEMS

13. Approval of Funds for Preventative Maintenance Work During April 2018 Outage

Mike DeBortoli gave an overview of planned maintenance work to be completed during the April 2018 outage. Mike shared a PowerPoint slide which detailed the estimated cost for each maintenance item. He also shared a breakdown of the budget for this work. Most of the funds will come from the Maintenance Reserve fund, while the remaining amount will come from routine O&M. All of the funds have been factored into the FY18 budget.

Date: 12/11/2017

Motion: The PPC recommends approval of the April 2018 outage project for an amount not to exceed \$1,798,856, to be funded from FY18 Routine O&M and Maintenance Reserve budgets, and delegate authority to NCPA to issue PO's and contracts necessary to carry out the work.

Moved by: SVP
Seconded by: Lompoc

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Absent	6.6000%
Biggs	Absent	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	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	84.2857%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	15.7143%
Result:	Motion passes	

14. Appointment of New Committee Chair for LEC PPC

Vice Chairman Martin Caballero explained that, with George Morrow moving on from Azusa, the Chairman position for the LEC PPC is now vacant, and a new Chairman will need to be elected. Election of a new chair requires a nomination and a vote. CDWR nominated Martin Caballero to become the new Chairman of the LEC PPC. Martin Caballero accepted the nomination, and a vote was conducted.

Date: 12/11/2017

Motion: The PPC approves election of Martin Caballero to serve as the new Chairperson of the LEC Project Participant Committee to conduct the business of the PPC pursuant to the Power Sales Agreement and the Project Management and Operations Agreement.

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	Absent	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	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	84.2857%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	15.7143%
Result:	Motion passes	

Martin Caballero's election to Chairman of the LEC PPC resulted in the vacancy of the Vice Chairman position. Martin expressed his belief that it is important for the Chairman and Vice Chairman to attend meetings of the LEC PPC in-person regularly. Martin nominated John

Yarbrough to serve as the new Vice Chairman of the LEC PPC, as he regularly attends the meetings in-person. John Yarbrough accepted the nomination, and a vote was conducted.

Date: 12/11/2017

Motion: The PPC approves election of John Yarbrough to serve as the new Vice Chairperson of the LEC Project Participant Committee to conduct the business of the PPC pursuant to the Power Sales Agreement and the Project Management and Operations Agreement.

Moved by: Lodi

Seconded by: SVP

Discussion: There was no further discussion.

Vote Summary on Motion		
Participant	Vote	Particulars / GES
Azusa	Yes	2.7857%
BART	Absent	6.6000%
Biggs	Absent	0.2679%
CDWR	Yes	33.5000%
Gridley	Absent	1.9643%
Healdsburg	Absent	1.6428%
Lodi	Yes	9.5000%
Lompoc	Yes	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	84.2857%
Total Noes	0	0.0000%
Total Abstain	0	0.0000%
Total Absent	7	15.7143%
Result:	Motion passes	

INFORMATIONAL ITEMS

15 Update on PG&E 2019 Gas Rate Case

Ken Speer gave an update to the Committee on the PG&E 2019 Gas Rate Case. Per PG&E’s filings, the main drivers in their requested rate increases are improvements to the gas system. Many of these improvements are in response to new gas storage regulations. These new

regulations have prompted PG&E to move forward with shutting down two of their current gas storage facilities, and retrofitting the remaining storage facilities. Ken also reviewed with the Committee PG&E's intentions to shift costs from non-core customers to backbone customers. NCPA is working with the Northern California Generator Group (NCGC), composed of representatives from Silicon Valley Power, Turlock, MID, and the assistance of the Law Offices of Susie Berlin on this case.

SVP mentioned finding a quote from one of the witnesses in PG&E's testimony for this case, stating that PG&E expects to extend negotiated rates only for the duration of the rate case. There were questions regarding the impact this may have on the special negotiated rate between PG&E and NCPA. The Committee asked SVP to gather additional information on this statement.

Chairman Caballero asked Jane Luckhardt whether future discussions on this matter could be done in closed session, as they would likely include strategy discussions. Jane does not anticipate that being a problem, particularly since it is highly probable that NCPA and the NCGC would be filing an official response.

16. Additional Operational Updates

There were no additional operational update items/topics for discussion.

Adjournment

The next regular meeting of the PPC is scheduled for Monday, January 8, 2018.

The meeting was adjourned at 11:34 am.

Submitted by: Michelle Schellentrager