

Pioneer Community Energy Services Agreement

Facilities Committee
September 6, 2017

Background

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

Services Agreement Structure

- NCPA is working to develop a draft Services Agreement for PCCE
 - 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

Scope of Services – Services Agreement

- Proposed Scope of Services
 - Scheduling Coordination Services
 - 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

Scheduling Coordinator Structure

- SC Options
 - Option 1
 - NCPA act as Scheduling Coordinator
 - ◆ Register new SCID with CAISO for PCCE scheduling
 - Option 2
 - NCPA temporarily act as Scheduling Coordinator, transfer SC obligations to PCCE Scheduling Coordinator when fully registered
 - ◆ Register new SCID with CAISO for PCCE scheduling under the NCPA SCA
 - ◆ Transfer PCCE load to PCCE SC portfolio when fully registered
 - Option 3
 - NCPA act as SC Agent on behalf of PCCE
 - ◆ PCCE to register as Scheduling Coordinator; NCPA to act as SC Agent
- Recommendation
 - Authorize Options 1, 2 and 3
 - Pending option, develop the proper level of protection to limit NCPA's liability associated with PCCE CAISO transactions

Compensation

- 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
- Commission previously authorized NCPA's General Manager to negotiate a PCCE cost of service within a defined range
- Staff are now seeking to modify the Commission authorization to delegate authority to NCPA's General Manager to negotiate the cost of service with PCCE, within a predefined range

Modeling Assumptions - Nexant

- Load
 - Muni Load – 65,000 per year
 - Non-Residential Load – 600,000 per year
 - Residential Load – 600,000 per year
- Contracts
 - 3 24x7 power supply contracts (Energy, RPS, Capacity)
 - 1 On-Peak power supply contract
 - 1 Off-Peak power supply contract
- Schedules
 - DAM
 - 6 x 365 (1 Load and 5 Supply Contracts)
 - RTM (100 schedules)
- Direct Assignments
 - Forecasting: 5% of Direct Assignment
 - Resource Planning: 10% of Direct Assignment
 - Pre-Scheduling: 5% of Direct Assignment
 - Risk Management: 25% of Direct Assignment
- Integrated Systems: 3 IT Units (Load, Trades, System)

Model Estimate

- Based on Full Buildout of PCCE
 - \$402,000 per year
 - Escalated annual at a rate of 2%

	General Power Mgt	Direct Assignments	Pool Allocation	System Integration	FY 2018 Power Mgmt Total Pwr Mgmt
Alameda	\$688,017		\$310,990	\$26,643	\$1,025,650
BART	\$402,287	\$174,340	\$97,164	\$9,312	\$683,103
Biggs	\$39,566		\$21,385	\$865	\$61,817
Gridley	\$40,911		\$22,425	\$3,848	\$67,184
Healdsburg	\$117,943		\$61,048	\$2,466	\$181,457
Lodi	\$681,947		\$286,551	\$11,934	\$980,431
Lompoc	\$188,293		\$90,425	\$3,774	\$282,492
Palo Alto	\$870,417		\$419,522	\$43,301	\$1,333,239
Plumas Sierra	\$208,861		\$131,399	\$11,040	\$351,299
Port of Oakland	\$222,774		\$112,405	\$5,001	\$340,180
Roseville	\$446,171	\$50,849	\$0	\$31,040	\$528,060
Santa Clara	\$2,861,187	\$50,849	\$0	\$99,328	\$3,011,364
PCCE	\$258,942	\$133,690	\$0	\$9,312	\$401,943
Truckee-Donner	\$0	\$0	\$0	\$0	\$0
Turlock Irrigation District	\$94,518	\$7,264	\$0	\$18,624	\$120,406
Ukiah	\$288,830		\$139,220	\$9,080	\$437,129
	\$7,410,662	\$416,993	\$1,692,533	\$285,568	\$9,805,755
Direct to Programs - LEC	\$1,140,518	\$138,019		\$24,832	\$1,303,369
	\$8,551,180	\$555,012	\$1,692,533	\$310,400	\$11,109,125

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
- Staff Recommendation:
 - Cost of Service
 - \$402,000
 - Escalated at 2% per year
 - Negotiation Authority:
 - 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 PCCE, as further described herein, and (ii) to delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to PCCE for NCPA's provision of Services, within a defined range as determined by the Commission, and as further described herein

Questions / Comments