

Proposed Revisions to the Nexant Cost Allocation Model

Issue No.	Proposed Change	Reason for Change	Effective Timeline for Change
1	Modify Nexant 'Step 2' Allocation Parameter for allocation of applicable costs to Pool members based on 1/3 loads, 1/3 contracts, and 1/3 pool resources.	Applies to Pool Members only: Proposed change is consistent with Nexant's original recommendation to allocate Power Pool Management Costs and certain pool scheduling costs. Current allocation method is based on 78% load and 22% contracts.	This is a prospective change only, effective for FY 2015 as well as future years, to the extent the current Nexant Model is continues to be used.
2	Revise and redistribute total Pre-Scheduling labor hours and Allocation of Direct Costs to reflect the percentages indicated in Table 3, adjusted to account for actual amount of time performing pre-scheduling activities for the Lodi Energy Center (LEC) Project.	In response to staff's recommendation to approve resolution 13-03 as described in Staff Report 105:13, NCPA was requested by the Facilities Committee to review the pre-scheduling percent allocation factors associated with the LEC Project for use in fiscal year 2015.	This is a prospective change only, effective for FY 2015 and applies for any remaining years that the current Nexant Model is used, or until a more updated and comprehensive labor time analysis is performed.
3	Exclude Hour Ahead Schedule Counts as input determinants into the Nexant model that are associated with fractional quantity changes from the corresponding Day Ahead Schedule.	Consistent with commission approved resolution 13-43 as described in staff report 153:13, in which Hour Ahead schedule counts as input determinants for use in the Nexant model must be based on changes greater than or equal to the absolute value of one megawatt.	Continuation of adjustment to Hour Ahead Schedule counts. Change applies on a going forward basis for any remaining years that the current Nexant Model is used.
4	Exclude real-time Internal Final Schedules as input determinants into the Nexant Model associated with Santa Clara's Donald Von Raesfeld ("DVR") generating facility	Consistent with commission approved resolution 13-43 as described in staff report 153:13, in which the Pool and Santa Clara had an agreement for Pool to utilize capacity from DVR. These internal final schedules were related to this agreement, but which had been previously ended.	This is a one-time proposal to not include DVR internal final schedules as determinants into the Nexant Model for FY 2015 as part of the arrangement to keep Santa Clara financially indifferent as part of the Pool and Santa Clara's capacity agreement.

<p>5</p>	<p>Use average of LEC total ESP accounts for each awarded product category as calculation method of determinants for use in Nexant model.</p>	<p>While schedule counts are intended to represent and correspond to time and effort by NCPA dispatch staff, this is not the case with LEC. Instead, LEC is scheduled and dispatched by one single operating entity. NCPA's Pre-Scheduling produces computer-generated schedules that are used to allocate the plant's entitlement shares to each of the seven 'ESP accounts' for each of LEC's awarded schedules for energy, regulation up and down, spinning reserves, etc. Without using the proposed averaging method described, LEC's schedule count will be inflated by a factor of seven.</p>	<p>This is a prospective change only, effective for FY 2015 as well as any future years, to the extent the current Nexant Model is continues to be used.</p>
<p>6</p>	<p>Exclude Hour Ahead schedule counts associated with Participating Intermittent Resource Program (PIRP) resources.</p>	<p>As part of a pilot program, NCPA was able to demonstrate that PIRP resources do not result in any measurable work effort beyond that of a conventional generating resource, despite the requirement by the CAISO to submit hourly schedules based on hourly energy production forecasts.</p>	<p>This is a prospective change only, effective for FY 2015 as well as any future years, to the extent the current Nexant Model is continues to be used.</p>
<p>7</p>	<p>Revise and redistribute total Pre-Scheduling labor hours and Allocation of Direct Costs to reflect termination of Truckee-Donner's Power Management Agreement.</p>	<p>With the termination notice of TD-PUD's Power Management Agreement, the Pre-Scheduling labors hours, which are used as a basis for allocation of Direct Costs to NCPA members and participants, will need to be revised to redistribute 3,639 hours of prescheduling staff labor time. Additionally, it is presumed that TD-PUD share of WBR is removed from NCPA SC portfolio.</p>	<p>This is a prospective change only, effective for FY 2015 as well as any future years, to the extent the current Nexant Model continues to be used, or until a more comprehensive labor time analysis is developed and implemented.</p>
<p>8</p>	<p>Exclude contract deals related to Palo Alto's COT Lay-Off capacity agreements.</p>	<p>Four contract deals that are used to represent Palo Alto's long-term lay-off of its COT capacity have been used as determinants for Palo Alto's contract counts. These monthly deals do not correspond to any work or effort performed by staff.</p>	<p>This is a prospective change only and effective for however long the agreement is in effect or until a new cost allocation methodology is implemented.</p>