

# **Sierra Valley Energy Authority Services Agreement**

Facilities Committee

May 17, 2017

## Background

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

## Services Agreement Structure

- NCPA has developed a draft Services Agreement for SVEA
  - 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 (Agent)
    - 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

## Compensation

- Compensation amounts for proposed Services have not been defined
- 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
- Seeking authorization from the Commission to delegate authority to NCPA's General Manager to negotiate the cost of service with SVEA, 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
  - 4 24x7 power supply contracts (Energy, RPS, Capacity)
  - 1 On-Peak power supply contract
  - 1 Off-Peak power supply contract
- Schedules
  - DAM
    - 7 x 365 (1 Load and 6 Supply Contracts)
  - RTM (100 schedules)
- Direct Assignments
  - Forecasting: 10% of Direct Assignment
  - Resource Planning: 10% of Direct Assignment
  - Pre-Scheduling: 10% of Direct Assignment
  - Risk Management: 25% of Direct Assignment
- Integrated Systems: 3 IT Units (Load, Trades, System)

# Model Estimate – Scenario 1

- Based on Full Buildout of SVEA
  - \$515,000 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	\$681,744		\$306,512	\$26,643	\$1,014,899
BART	\$400,153	\$165,165	\$96,131	\$9,312	\$670,760
Biggs	\$39,124		\$21,095	\$865	\$61,084
Gridley	\$40,283		\$22,169	\$3,848	\$66,301
Healdsburg	\$116,865		\$60,171	\$2,466	\$179,502
Lodi	\$676,372		\$282,384	\$11,934	\$970,689
Lompoc	\$186,537		\$89,105	\$3,774	\$279,417
Palo Alto	\$859,627		\$414,744	\$43,301	\$1,317,672
Plumas Sierra	\$206,394		\$129,712	\$11,040	\$347,146
Port of Oakland	\$219,826		\$110,741	\$5,001	\$335,569
Roseville	\$442,006	\$48,173	\$0	\$31,040	\$521,219
Santa Clara	\$2,844,758	\$48,173	\$0	\$99,328	\$2,992,259
Sierra Valley Energy	\$301,201	\$203,862	\$0	\$9,312	\$514,376
Truckee-Donner	\$0	\$0	\$0	\$0	\$0
Turlock Irrigation District	\$93,295	\$6,882	\$0	\$18,624	\$118,801
Ukiah	\$286,587		\$137,152	\$9,080	\$432,818
	\$7,394,772	\$472,254	\$1,669,916	\$285,568	\$9,822,511
Direct to Programs - LEC	\$1,131,027	\$130,755		\$24,832	\$1,286,614
	\$8,525,799	\$603,010	\$1,669,916	\$310,400	\$11,109,125

# Model Estimate – Scenario 2

- Based on Phased Buildout of SVEA
  - \$485,000 for year 1
  - \$515,000 for year 2
    - Escalated annual at a rate of 2%

	General Power Mgt	Direct Assignments	Pool Allocation	System Integration	FY 2018 Power Mgmt Total Pwr Mgmt
Alameda	\$688,875		\$296,267	\$26,643	\$1,011,785
BART	\$402,163	\$165,165	\$87,314	\$9,312	\$663,953
Biggs	\$39,482		\$20,522	\$865	\$60,870
Gridley	\$40,874		\$21,631	\$3,848	\$66,353
Healdsburg	\$118,095		\$58,131	\$2,466	\$178,692
Lodi	\$683,135		\$273,159	\$11,934	\$968,227
Lompoc	\$188,243		\$86,171	\$3,774	\$278,188
Palo Alto	\$875,259		\$404,460	\$43,301	\$1,323,020
Plumas Sierra	\$209,297		\$125,986	\$11,040	\$346,323
Port of Oakland	\$221,093		\$107,585	\$5,001	\$333,679
Roseville	\$445,185	\$48,173	\$0	\$31,040	\$524,398
Santa Clara	\$2,871,282	\$48,173	\$0	\$99,328	\$3,018,783
Sierra Valley Energy	\$271,343	\$203,862	\$0	\$9,312	\$484,517
Truckee-Donner	\$0	\$0	\$0	\$0	\$0
Turlock Irrigation District	\$93,895	\$6,882	\$0	\$18,624	\$119,401
Ukiah	\$289,043		\$132,692	\$9,080	\$430,814
	\$7,437,264	\$472,254	\$1,613,917	\$285,568	\$9,809,003
Direct to Programs - LEC	\$1,144,534	\$130,755		\$24,832	\$1,300,122
	\$8,581,798	\$603,010	\$1,613,917	\$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:
  - Model Estimate Scenario 2
    - Phased Buildout of CCE
  - 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 Sierra Valley Energy Authority, and (ii) to delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to Sierra Valley Energy Authority for NCPA's provision of Services, within a defined range as determined by the Commission, and as further described herein

# Questions / Comments