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50 Old Courthouse Square, Suite 605
Santa Rosa, CA 95404

**SONOMA CLEAN POWER AUTHORITY
BUSINESS OPERATIONS COMMITTEE
MEETING NOTES
MONDAY, OCTOBER 20, 2014**

I. CALL TO ORDER:

Meeting called to order by BOC Chair Susan Briski at 9:04 A.M.

Committee Members Present:

Chair Susan Briski, Dick Dowd, Mike Gogna, Paul Brophy, CM Mattinson absent with notice.

Staff/Consultants Present: CEO Geof Syphers, General Counsel Kelly Foley, Director of Power Services and Procurement Nathanael Miksis, Executive Assistant Stephanie Reynolds

II. BUSINESS OPERATIONS COMMITTEE REGULAR CALENDAR:

CEO Syphers requested that Item #6 be heard before Item #4, no objection by committee members present. Counsel Foley reviewed the SCP policy regarding the CEO spending authority. Contracts below \$5M do not require a formal vote of the Board. The Procurement Ad Hoc Committee (PAHC) reviews contracts and then once the BOC reviews and approves, contracts for purchases can be executed by the Vice Chair, who is on the PAHC.

CM Dowd asked that staff prepare more of a snapshot of how proposed purchases would affect budget and rates without divulging confidential pricing information. CM Gogna asked about the timeframe for a more standardized contract. CEO Syphers responded that an estimated time frame would be 6 months. Chair Briski requested that if multiple contracts were to be reviewed, that a financial summary would be of benefit. CM Brophy suggested that when the Resource Plan is completed, the effect of purchases on total load forecast could be part of the summary.

1. Report from staff on proposed first true-up purchase of Resource Adequacy for 2015 followed by review and comment on proposed contract (Constellation).

Director Miksis reviewed three supply contracts for Resource Adequacy (RA). Question as to why three contracts are needed for one seller. Separate contracts are required by the California Public Utilities Commission. The costs are 5-7% higher than the last RA contracts.

Public Comment:

Bob Williamson asked for clarification on the higher pricing. Director Miksis responded that the market prices fluctuate and that the prices being paid are still within budget.

Motion to recommend approval by CM Brophy
Seconded by CM Gogna

Motion carried: 4-0-1 (Mattinson, absent)



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2. Report from staff on proposed second true-up purchase of Resource Adequacy for 2015 followed by review and comment on proposed contract (Calpine).

Director Miksis narrated the staff report on the purchase.

Public Comment:

John Parry requested more information or a basic guide from staff on power purchases. Committee members and the public need a better understanding of the process. Director Miksis stated he will send out links to help clarify, but notes the information is still difficult to understand. CEO Syphers suggests integrating some of the information into the Resource Plan.

CM Gogna asked for clarification on why damages are included in some contracts but not in the Constellation contracts. Counsel Foley stated that Constellation defaults to the EEI Master, which includes the cost to cover losses.

Motion to recommend approval by CM Dowd.
Seconded by CM Gogna.

Motion to approve carried: 4-0-1 (Mattinson absent)

3. Report from staff on proposed purchase of 2014 vintage Category 1 Renewable Energy Credits and 2014 Resource Adequacy true-up (Constellation).

Director Miksis reported that the purchase would help SCP meet the requirement for Phase II renewable energy. The contract is a smaller dollar amount, but was put before the BOC due to the RA component.

Public Comment: None

Motion to recommend approval by CM Gogna.
Seconded by CM Dowd.

Motion to approve carried: 4-0-1 (Mattinson absent)

4. (formerly Item #6 on the agenda)
Report from staff on a proposed purchase of power followed by committee review and comment on proposed contract (Geysers).

CEO Syphers explained the opportunity to purchase energy at a savings for current and Phase 2 customers. The volume does not include Rohnert Park or Petaluma, but does cover energy needs for future Cloverdale customers. Director Miksis responded to questions regarding delivery points and how the points affect pricing.

Public Comment:

Woody Hastings
Bob Williamson



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CM Dowd questioned the new contract's possible effect on rates. CEO Syphers confirmed that the contract will have no negative impact on rates or progress.

Motion to recommend to approval, subject to rate implications by CM Brophy.
Seconded by CM Gogna

Motion to recommend approval carried: 4-0-1 (Mattinson absent)

5. (formerly Item #4)
Report from staff on a proposed purchase of 2016 energy subject to rate-impact limitations followed by committee review and comment on proposed contract.

Director Miksis reported on a contract for additional 40MW of solar energy from Recurrent. This purchase would double the amount of solar energy used in Sonoma County in 2017.

6. (Formerly Item #5)
Report from staff on a proposed purchase of power followed by committee review and comment on proposed contract (Mustang).

This contract would be with Calpine for geothermal energy at favorable pricing. The proposed contract increases the amount of energy purchased incrementally over a ten-year period. CM Dowd asked if either the Calpine or Recurrent contracts would have any impact on the possible photovoltaic work being proposed by the Water Agency. CEO Syphers responded that there would be no impact.

CM Brophy asked if any collateral would be posted for this purchase. CEO Syphers stated that most likely not, due to SCP's improved net position. He also stated it will take three years of audited financials before SCP has a credit rating. CM Brophy asked if the power to be purchased is from one unit at the Geysers or multiple. Director Miksis stated the power would be from multiple units.

Public Comment on both items 5 and 6 taken together:

Bob Williamson: Asked when the contracts would be reflected on the financial statements. CEO Syphers stated that he will be presenting a forecast to the RAC at the next meeting.

Woody Hastings: Commented on the use of union labor at the Mustang project and that rates were not increased.

Mary Fricker: Asked why SCP is able to secure more favorable pricing than the large utilities. Director Miksis stated that as a CCA, we have an advantage in the scale of our purchases as they can be smaller, cheaper and easier to permit.

John Parry: Commented on the scale of direct access customers in the County.

Motion to recommend the proposed purchase of power at Mustang (Recurrent) by CM Gogna.
Seconded by CM Brophy.

Motion to recommend approved: 4-0-1 (Mattinson absent)



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Motion to recommend approval of the proposed purchase of geothermal power
(Calpine) by CM Brophy.
Seconded by CM Gogna

Motion to recommend approval carried: 4-0-1 (Mattinson absent)

III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None.

IV. ADJOURNMENT:

Meeting adjourned at 11:57 A.M.

Stephanie Reynolds