TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER
          DEPARTMENT: UTILITIES

DATE: JULY 25, 2005

SUBJECT: ADOPTION OF A RESOLUTION APPROVING THE EXECUTION
          OF SUPPLEMENT NO. 4 TO THE NORTHERN CALIFORNIA
          POWER AGENCY JOINT POWERS AGREEMENT TO
          IMPLEMENT THE MEMBERSHIP OF THE SAN FRANCISCO
          BAY RAPID TRANSIT DISTRICT

RECOMMENDATION

Staff requests Council’s approval of the attached resolution approving the execution of
Supplement No. 4 to the Northern California Power Agency (NCPA) Joint Powers Agreement
(JPA) for the purpose of including the San Francisco Bay Rapid Transit District (BART) as a full
signatory party to the NCPA JPA.

BACKGROUND

The City of Palo Alto has been a full signatory party to the NCPA JPA since its formation in
1968. The City presently participates with other NCPA members in multiple joint action
endeavors related to wholesale electric power supply operations and interface arrangements with
the California Independent System Operator (CAISO). By letter dated March 16, 2005 from
BART General Manager Thomas E. Margo to NCPA General Manager Jim Pope, BART, with
headquarters in Oakland, California, requested full membership in NCPA. BART has been an
NCPA Associate Member since July 31, 1997.

Legislation adopted in 1995 and supported by NCPA enabled BART to acquire power from
Federal Power Marketing Agencies and have it wheeled by PG&E to BART’s system loads.
BART’s load peaks at over 80 MW. BART currently receives the majority of its power supply
through a contract with the Bonneville Power Administration (BPA) which terminates on June
30, 2006. BART also receives an allocation of approximately 5 MW from the Western Area
Power Administration.
DISCUSSION
NCPA currently assists BART with services ancillary to BART’s relationship with PG&E whereby PG&E provides transmission and acts as BART’s Scheduling Coordinator with the CAISO. NCPA provides scheduling and related services to BART which have allowed BART to significantly mitigate charges stemming from over and under supplying resources to meet BART’s load.

California Senate Bill No. 1201, approved by the Governor on September 21, 2004, provides BART the ability to receive electric power from municipal utilities. BART is contemplating utilizing municipal power sourcing to help establish a resource supply portfolio following the cessation of its BPA contract, as well to more fully explore additional services available through its expanded membership in NCPA.

BART is interested in considering a variety of supply options for its future power supply including renewable, conventional and contract supply resources. NCPA would work closely with BART in developing its future power supply alternatives and assessing BART’s potential inclusion in the NCPA power pool.

Approval of the execution of NCPA JPA Supplement No. 4 by the City will, upon parallel execution by all other NCPA JPA signatories and BART, provide BART full NCPA membership status. City previously approved Supplement No.3 to the JPA in November 1994 (Resolution 7367) to implement the membership of the Port of Oakland to the NCPA JPA.

RESOURCE IMPACT
Approval has no immediate impact on resources for the City. Under current assumptions, if BART were to become a full proportionate participant in the NCPA pooling and legislative and regulatory programs, BART’s contribution to NCPA for such services received would be in the range of about $1 million annually. NCPA does not anticipate adding staff to perform such services for BART and thus BART’s NCPA cost contributions would result in proportionate budgetary offsets for all other members participating in the same NCPA programs. This has the long term potential of reducing City’s contribution to NCPA’s services budget by approximately $100,000 per year.

POLICY IMPLICATIONS
Executing the NCPA JPA Supplement 4 is consistent with utilizing the NCPA joint action environment to spread the benefits of joint action through greater cost dispersion while simultaneously contributing to the success of a fellow public entity. BART’s membership to NCPA JPA has the potential to achieve economies of scale in developing jointly owned electricity generation resources and is consistent with Council-approved Utilities Strategic Plan (CMR 148: 05).

TIMELINE
All existing NCPA JPA signatories must execute Supplement No. 4 in order for BART’s full NCPA membership to become effective. NCPA anticipates a presentation by BART’s General Manager Mr. Tom Margro at the August 25, 2005 NCPA Commission Meeting in Murphys,
California and NCPA is requesting that all existing members execute the JPA Supplement No. 4 by that date.

**ENVIRONMENTAL REVIEW**
Executing the NCPA JPA Supplement No. 4 does not constitute a project for the purpose of the California Environmental Quality Act.

**ATTACHMENTS**
A: Resolution Approving the Execution of Supplement No. 4 to the NCPA JPA
B: Supplement No. 4 to the NCPA Joint Powers Agreement

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