



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: WRAG 16-093, **Version:** 1

- a. Approve and recommend that the Monterey County Water Resources Agency Board of Supervisors approve Budget Amendment No. 3 for the Monterey County Water Resources Agency FY 2016-17 Adopted Budget to appropriate \$60,500 for additional unforeseen staff labor and consultant costs needed to complete an Interconnection Study required by Nacimiento Hydroelectric Project agreement, and perform maintenance work; and,
- b. Authorize the Auditor-Controller to amend the Monterey County Water Resources Agency FY 2016-17 Adopted Budget for Fund 130 Hydroelectric O&M, WRA 022, to increase appropriations by \$60,500 financed by unassigned fund balance. (4/5th vote required.)

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors:

- a. Approve and recommend that the Monterey County Water Resources Agency Board of Supervisors approve Budget Amendment No. 3 for the Monterey County Water Resources Agency FY 2016-17 Adopted Budget to appropriate \$60,500 for additional unforeseen staff labor and consultant costs needed to complete an Interconnection Study required by Nacimiento Hydroelectric Project agreement, and perform maintenance work; and,
- b. Authorize the Auditor-Controller to amend the Monterey County Water Resources Agency FY 2016-17 Adopted Budget for Fund 130 Hydroelectric O&M, WRA 022, to increase appropriations by \$60,500 financed by unassigned fund balance. (4/5th vote required.)

SUMMARY/DISCUSSION:

This Budget adjustment addresses three items that were mistakenly not included in the initial Operation and Maintenance planning for the Nacimiento Hydroelectric Project for fiscal year 2016-17:

(1) Operation of the Nacimiento Hydroelectric Project requires compliance be maintained with multiple agreements, including the Small Generator Interconnection Agreement between Pacific Gas and Electric Company and Monterey County Water Resources Agency (SGIA) dated July 2012. The SGIA governs conditions under which the Nacimiento Hydroelectric Project can interconnect with PG&E's electric distribution system. The SGIA allows the Nacimiento Hydroelectric Project to supply up to 3.75 megawatts (MW) per hour for sale onto PG&E's distribution system, which corresponds to the interconnection application submitted to PG&E prior to construction of the Project. The Nacimiento Hydroelectric Project was subsequently built to a generating capacity of 4.351 MW per hour. For reasons unknown, the SGIA was not updated to the constructed generating capacity of 4.351 MW per hour. If the Nacimiento Hydroelectric Project produces electric power above 3.75 MW per hour, the portion above 3.75 MW per hour may not be saleable, and in the worst case the SGIA could be terminated by PG&E, which would shut down the Hydroelectric Plant. In order to remedy this situation, PG&E performs an Interconnection Study to ensure their distribution system can accept the additional power output. Upon such verification, the SGIA will be revised to reflect actual generating capacity of 4.351 MW per hour, bringing the full range of existing generation capacity into compliance. An Interconnection Study costs up to \$25,000 payable to PG&E, plus

MCWRA staff labor.

(2) Annual Hydroelectric Plant switchyard maintenance was mistakenly not included in this fiscal year's budget, and is included in this appropriation action at a cost of \$4,000, plus staff labor.

(3) Calibration of the California Independent System Operator (CAISO) electric meter was mistakenly not included in this fiscal year's budget, and is included in this appropriation action at a cost of \$4,000, plus staff labor.

MCWRA Staff labor for the above items is estimated at \$27,500.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

The Agency FY 2016-17 Budget has sufficient fund balance in Fund 130 to cover the additional \$60,500 needed for the work described above - see Attachments 1 & 2.

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Approved by:
David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

1. Board Order
2. MCWRA FY 2016-17 Budget Revision
3. MCWRA FY 2016-17 Budget Summary