

when transacting in the California Independent System Operator (CAISO) markets. TANC has historically placed particular focus on the PG&E transmission owner (TO) rate cases due to the potential impact such rate cases may have on the transmission rates under TANC’s South of Tesla Principles transmission contract on PG&E’s transmission system.

DISCUSSION

Costs associated with TANC’s engagement in TO rate cases are currently allocated to TANC members based on their transmission capacity entitlement under the SOT agreement. Certain members expressed concern that the benefits they received from TANC’s efforts were not aligned with their current cost allocation percentages. TANC members have different exposure to CAISO rates depending upon how they receive service and where their energy resources are located. Therefore, TANC has proposed Project Agreement Number 6 (PA6) for a revised cost allocation method for TANC’s future engagement in rates cases and other transmission-related activities which has been approved by the TANC Commission. A comparison of the existing allocation and proposed PA6 allocation is as follows in Table 1:

Member	Existing Allocation (%)	Proposed PA6* Allocation (%)
Modesto Irrigation District	34	23
City of Redding	10.333	8
Sacramento Municipal Utility District	15.999	11
Silicon Valley Power	27	26
Turlock Irrigation District	7.455	8
City of Alameda	2.104	4
City of Healdsburg	0.237	1
City of Lodi	2.069	4
City of Lompoc	0.267	1
City of Palo Alto	0	9
Plumas- Sierra Rural Electric Cooperative	0.233	1
City of Roseville	0	3
City of Ukiah	0.303	1
Total	100	100

*PA6 = Project Agreement Number 6

Table 1: Comparison between existing and proposed cost allocation

As highlighted in Table 1, AMP’s cost allocation will increase from 2.104% to 4% based on the PA6 proposal. TANC’s approved budget for fiscal year (FY) 2020 for PA6-related costs is \$825,000. As a result of this proposal, AMP’s share of these costs will increase from approximately \$17,000 to \$33,000. TANC estimates that AMP’s customers saved in excess of \$1 million annually as a result of reductions in Transmission Access Charges (TAC) due to the changes in PG&E’s Transmission Revenue Requirements in PG&E TO 18 and TO 19 rate cases. The increase in AMP’s costs is extremely small when compared to the benefits AMP customers are expected to receive through TANC’s engagement in such activities. Therefore, AMP staff recommends that the Public Utilities Board authorizes AMP’s General Manager to execute PA6

with TANC.

Term and Scope

TANC's commission will set direction for TANC's overall engagement in the scope of activities/rate cases. The term of PA6 is for three years, after which the agreement may be extended by unanimous vote.

FINANCIAL IMPACT

TANC's Commission will set budgetary authorizations per fiscal year for TANC's overall engagement in the scope of activities/rate cases. For FY 2020, AMP's costs will increase by approximately \$16,000 based on TANC's approved budget for such activities. Staff doesn't anticipate any impact to AMP's FY 2020 budget as a result of these additional costs.

NEXT STEPS

After receiving authorization from the Public Utilities Board, AMP's General Manager will execute Project Agreement No.6 with TANC.

LINKS TO BOARD POLICY AND OBJECTIVES

AMP Strategic Plan

Issue 3: Business Resiliency

- Maintain rates at 15 percent or more below PG&E and 10 percent or more below local CCAs

EXHIBITS

- A. Resolution
- B. Project Agreement No.6

CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER

RESOLUTION NO. _____

**Authorize the General Manager to Execute Project Agreement Number 6 with the
Transmission Association of Northern California**

WHEREAS, Alameda Municipal Power (AMP) is a member of the Transmission Agency of Northern California (TANC); and

WHEREAS, TANC has historically participated and/or litigated Transmission Owner (TO) rate cases before the Federal Energy Regulatory Commission (FERC) to minimize impacts to the cost of transmission for TANC members who transact in the California Independent System Operator (CAISO) markets; and

WHEREAS, AMP seeks to enter into an Agreement with TANC to continue its representation in TO rate cases under a revised cost allocation mechanism for a term of three years for an amount not to exceed the annual amount set by the TANC Commission;

NOW, THEREFORE, BE IT RESOLVED that the Public Utilities Board of the City of Alameda authorizes the General Manager of AMP to execute Project Agreement Number 6 with TANC, including any non-substantial changes as approved by the City's General Counsel, and shall not exceed the annual amount set by the TANC Commission for participation and/or regulatory engagement in TO rate cases before FERC.

Approved as to Form

By: */s/*
Alan Cohen
Assistant City Attorney

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
PROJECT AGREEMENT NO. 6 FOR REGULATORY ENGAGEMENT IN PARTICIPATING
TRANSMISSION OWNER CASES BEFORE THE FEDERAL ENERGY REGULATORY
COMMISSION

This Project Agreement No. 6 (Agreement) is entered into as of _____, 2019 by and among the Transmission Agency of Northern California, hereinafter referred to as TANC; and the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Modesto Irrigation District; the Sacramento Municipal Utility District, the Turlock Irrigation District; and the Plumas-Sierra Rural Electric Cooperative (hereinafter collectively referred to as the "Participating Members" and together with TANC are "Parties" to this Agreement) with regard to the following:

RECITALS

WHEREAS:

- A. TANC, acting on behalf of the Participating Members, has engaged in certain regulatory forums, including before the Federal Energy Regulatory Commission (FERC), to protect the value of TANC's transmission assets and to support the Participating Members by striving to limit the Participating Members' exposure to transmission costs when transacting in the California Independent System Operator (CAISO) markets, or as otherwise may be applicable.
- B. TANC has historically placed particular focus on the Pacific Gas and Electric Company's (PG&E) transmission owner (TO) rate cases due to the potential impact such rate cases may have on the transmission rates under TANC's South of Tesla Principles (SOTP) existing transmission contract on PG&E's transmission system.

- C. Prior to the effective date of this Agreement, costs associated with TANC's engagement in TO rate cases have been allocated to TANC Members based on their transmission capacity entitlements under the South of Tesla Agreement (SOT Allocation Percentages) due to the potential impact of PG&E's transmission costs on the SOTP transmission rate.
- D. TANC has also pursued engagement in FERC and other regulatory matters based on the potential impacts of TO rates or on industry matters generally and these costs have been shared based on either Project Agreement No. 3 (PA3) or Project Agreement No. 5 (PA5) allocation percentages.
- E. Certain SOT Members have entered into a settlement agreement with PG&E, and based on such are not subject to specific SOTP transmission rates for use of their SOTP transmission rights, but are rather subject to the CAISO's transmission rates.
- F. In addition to the potential impacts to the SOTP transmission rates, TANC Members may also be impacted by changes in the transmission rates charged by the CAISO for use of the CAISO controlled transmission system.
- G. The CAISO provides transmission service under a single statewide high-voltage transmission access charge (TAC) rate, where certain transmission investments made by the Participating Transmission Owners (PTOs) and other transmission rights holders, impact transmission costs for all users of the CAISO transmission system and therefore TANC has reviewed certain California and regional transmission projects for purposes of forecasting the high-voltage TAC.
- H. TANC Members are situated differently with respect to exposure to CAISO transmission rates, depending how a TANC Member receives transmission service

from the CAISO, or depending where they choose to procure their energy resources.

- I. TANC has conducted outreach with the Members to provide transparency for TANC's past activities in the FERC regulatory TO proceedings, and to provide an initial estimate of the benefits and costs of TANC's recent engagement in TO rate cases before FERC.

- J. TANC and the Participating Members have determined that it is appropriate to implement a revised cost allocation mechanism to be used by TANC for allocating certain legal and subject matter expertise costs, that are associated with TANC's engagement in TO rate cases and other related transmission activities.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement, TANC and the Participating Members hereby agree as follows:

AGREEMENT

1. SCOPE OF ACTIVITY

Pursuant to the terms and conditions of this Agreement, TANC may be directed by the Commission to act on behalf of the Participating Members to engage in certain activities, either directly, indirectly, or in conjunction with legal counsel and subject matter experts, pertaining to proceedings that effect the CAISO Transmission Access Charge (Scope of Activity). The Scope of Activity contemplated herein generally includes:

- Representing the interests of the Participating Members by monitoring, analyzing, and participating in TO rate cases before FERC and any related judicial appeals;
- Engaging in other related filings or industry developments that affect the cost or provision of transmission service under TO rate cases; and,

- Engaging in other activities as may be approved by the Participating Members.

The Scope of Activity shall be supported by legal services and other specialized services relevant to TANC's participation in proceedings that are performed by qualified subject matter experts and/or witnesses. It may also include TANC Management and staff as required, or as determined to be beneficial, to advance TANC's and the Participating Members' interests.

The Scope of Activity shall apply to the TO rate cases and new related transmission activity matters that are filed subsequent to the effective date of this Agreement, and shall include all future activities and costs associated with PG&E's TO 18, TO 19 and TO 20 rate cases, but only for costs incurred after the effective date of this Agreement.

2. COORDINATION WITH OTHER ENTITIES

As part of TANC's duties under this Agreement, TANC shall strive to work collaboratively with other intervenors and relevant parties, and where practicable, build alliances and find common interest in promoting TANC's and the Participating Members' interest in the Scope of Activity. Such efforts include building coalitions, where strategically and economically viable, to support the alignment with other intervenors or to form "joint intervenor" perspectives for engaging in the Scope of Activity. This may include coordinating and sharing responsibilities on areas of common interest to ensure the most efficient advancement of TANC's interest on behalf of the Participating Members, and to reduce redundancy in the Scope of Activity of TANC and other similarly situated parties on issues of importance to TANC and the Participating Members.

To the extent coordination with other entities, including direct coordination with a Participating Member, or subset of Participating Members, results in gained efficiencies and benefits for TANC, or directly or indirectly reduces TANC's costs for performing the Scope of Activity contemplated herein, the Commission shall evaluate and consider such joint benefits and the individual Participating Member's funding obligations when establishing annual funding amounts. The

evaluation of joint benefits will occur prior to the development of the annual funding under this Agreement and may reflect completed work activities and planned activities, by a Participating Member or subset of Participating Members.

3. ROLE OF THE COMMISSION

The Commission shall provide TANC management policy and strategic direction, and set budgetary authorizations for TANC's overall engagement in the Scope of Activity, taking into consideration recommendations from TANC management, which may be further informed by guidance from legal counsel, relevant subject matter experts, and recommendations from the Contracts Committee.

Upon receiving direction from the Commission, TANC management is responsible for implementing the direction of the Commission with respect to Scope of Activity under this Agreement. TANC management will coordinate the Scope of Activity through the Contracts Committee, where the Contracts Committee will be responsible for reviewing and providing feedback regarding TANC's Scope of Activity, and will advise TANC's management for advancing the policy and strategic direction provided by the Commission. Notwithstanding the responsibility of the Contracts Committee described herein, all activities and decisions considered by TANC's management related to the Scope of Activity that involves potential legal action, or that is of a legal strategy, shall be further coordinated with legal representatives of the Participating Members through the Contracts Committee and/or the Commission.

This coordination will include when reasonably practicable: (i) draft materials for filing in advance to the Contracts Committee for review and comment prior to submission to FERC; (ii) access to any relevant filings in connection with the Scope of Activity; and (iii) analysis from legal counsel and subject matter experts supporting the positions of TANC or other intervenors related to the Scope of Activity.

TANC management shall provide briefings and supporting material to the Commission and the Contracts Committee at each regularly scheduled meeting regarding the status of the Scope of Activity under this Agreement. Briefing materials may include the following:

- An overview of the relevant proceedings and known schedules;
- Assessment of the financial impact to TANC and, to the extent practicable, each of the Participating Members;
- The scope of TANC's potential initial engagement and each recommended change in scope;
- Identification of potential legal actions that TANC should consider and the likelihood of success (by argument if practicable);
- An estimate of the potential benefits and costs associated with engagement (periodically updated as may be necessary recognizing progress of proceedings under the Scope of Activity); and
- Scope of Activity progress reports identifying:
 - Status of the proceeding
 - Summary of TANC's issues and the position(s) of relevant intervenors
 - Costs incurred for engagement, tracking, and monitoring, as well as any changes to the estimated benefits and costs
 - Identification of key decision points in the proceeding

4. VOTING

The Commission shall direct all policy and legal action required in connection with this Agreement. The Contracts Committee will direct the implementation of the Commission's policy and legal direction. The Participation Percentages set forth in Appendix 1, as attached hereto and made part of this Agreement, shall govern voting rights for actions taken under this Agreement. In order for a formal action to be taken by the Commission or the Contracts Committee under this Agreement related to the Scope of Activity, a quorum of the Participating Members shall be

established, where the Participation Percentages of the Participating Members present must be at least 60%. An affirmative vote representing 60% of the Participation Percentages of the Participating Members under the Agreement is required to provide authorization.

The Participating Percentages as set forth in Appendix 1 may be modified by a unanimous vote of the Participating Members. The Participating Members may determine additional Participating Percentages for cost allocation and voting for specific regulatory or legal proceedings, based on unanimous approval of the Participating Members.

5. FUNDING AND OBLIGATIONS FOR ACTIVITIES

All costs attributed to the Scope of Activity performed in accordance with this Agreement shall be allocated to the Participating Members based on the Participation Percentages set forth in Appendix 1; provided, however, as described in Section 2 of this Agreement, the funding obligation of a Participating Member, or subset of Participating Members, shall be considered and may be adjusted by the Commission to account for any contributions or benefits associated with joint coordination and activities among the Participating Members. Any adjustments by the Commission of the funding obligation for Participating Members contemplated under this Section 5 shall be by the voting under Section 4..

All costs that are estimated to be incurred under this Agreement shall be included in the annual TANC Budget, and the total amount of expenses TANC is authorized to incur during any fiscal year for performing the Scope of Activity under this Agreement shall be subject to annual caps and not exceed the Budget or the annual funding caps unless additional funding is approved by the Commission. Costs shall be itemized by proceeding for the sole purpose of TANC's work under the Scope of Activity, including accounting for distinct legal costs, subject matter experts and witnesses. TANC management costs may be included upon approval of the Commission.

6. TERM AND TERMINATION.

This Agreement shall take effect as of the date hereof and shall remain in full force and effect for three years from the date that TANC and the Participating Members execute the Agreement. At least 120 days in advance of the initial three-year term of this Agreement, the Participating Members may extend the term for an additional one to three years by a unanimous vote. In accordance with Section 15.6 of PA3, the provisions of Section 15 of PA3 shall be incorporated by reference.

In the event that one or more Participating Members choose to terminate its participation in this Agreement, by providing written notice 100 days prior to the end of the initial three-year term or pursuant to the provisions of Section 15 of PA3, the remaining Participating Members may elect to adjust the cost allocation percentages shown in Appendix 1 and continue this Agreement. If by the end of the initial three-year term of this Agreement the remaining Participating Members have not agreed to adjust the allocation percentages shown in Appendix 1, TANC shall terminate this Agreement.

Upon termination of this Agreement, or termination of any individual Participating Member's participation in this Agreement pursuant to this Section 6, any costs and liabilities associated with the Scope of Activity approved in accordance with this Agreement shall remain the obligation of the Participating Members until such Scope of Activity is completed.

Prior to the termination of this Agreement, the TANC Commission shall review TANC's role with respect to the Scope of Activity and take action regarding TANC's continued work and related cost allocation.

7. AMENDMENTS

This Agreement may be amended only by the written agreement of all the parties hereto.

8. DEFAULT

Upon the failure of any Participating Member to meet its obligations hereunder, TANC shall give written notice of the failure to such Participating Member and, if such failure has not been cured within forty-five (45) days after the date of such notice, it shall constitute a default at the expiration of such forty-five (45) day period. Upon such default, TANC may terminate this Agreement as to the defaulting Participating Member, and protect and enforce its rights hereunder by suit or suits in equity or at law, whether for the specific performance of any covenant herein or for damages or in aid of the execution of any power granted herein or any other remedy available under any provision of applicable law. The cost allocation percentages may be adjusted amongst the remaining Participating Members.

9. INDEMNIFICATION

Each Party and its officers, agents, employees, commissioners and board members, undertake no legal liability to the other Parties to this Agreement ("Indemnitees") and each Party releases, holds harmless, and covenants not to sue any Indemnitees for any cause, claim, injury, damage, or death arising from a negligent act or omission of any other Party in connection with this Agreement.

10. SEVERABILITY

If any provision of this Agreement is finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall remain in full force and effect as though the invalid provision had not been included herein.

11. MEMBERS' OBLIGATIONS SEVERAL

The obligation of each Participating Member to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Participating Members.

12. WAIVER OF DEFAULT

Any waiver at any time by any party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

13. COUNTERPARTS

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute a single Agreement.

15. SIGNATURES

In witness whereof, the parties have caused this Agreement to be executed as of the date first above written. The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the party for whom they sign.

PARTICIPATING MEMBERS

CITY OF ALAMEDA

By: _____

Name: _____

Title: _____

Date: _____

CITY OF HEALDSBURG

By: _____

Name: _____

Title: _____

Date: _____

CITY OF LODI

By: _____

Name: _____

Title: _____

Date: _____

CITY OF LOMPOC

By: _____

Name: _____

Title: _____

Date: _____

MODESTO IRRIGATION DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

CITY OF PALO ALTO

By: _____

Name: _____

Title: _____

Date: _____

PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

By: _____

Name: _____

Title: _____

Date: _____

CITY OF REDDING

By: _____

Name: _____

Title: _____

Date: _____

CITY OF ROSEVILLE

By: _____

Name: _____

Title: _____

Date: _____

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

CITY OF SANTA CLARA

By: _____

Name: _____

Title: _____

Date: _____

TURLOCK IRRIGATION DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

CITY OF UKIAH

By: _____

Name: _____

Title: _____

Date: _____

TRANSMISSION AGENCY OF NORTHERN
CALIFORNIA

By: _____

Name: _____

Title: _____

Date: _____

Appendix 1

Participating Percentages and Voting Rights

TANC Member	Percentage (%)
MID	23.0000
Redding	8.0000
SMUD	11.0000
SVP	26.0000
TID	8.0000
Alameda	4.0000
Healdsburg	1.0000
Lodi	4.0000
Lompoc	1.0000
Palo Alto	9.0000
Plumas	1.0000
Roseville	3.0000
Ukiah	1.0000
Total	100.0000