SPECIAL MEETING
ENGINEERING AND OPERATIONS COMMITTEE

BOARD ROOM

SEPTEMBER 8, 2016
1:30 p.m.

Ken Williams – Chair
Marty Miller – Vice Chair
Ron Watkins – Vice Chair
Gary Arant
Jimmy Ayala
Brian Boyle
Brian Brady
Gary Croucher

Tony Heinrichs
Michael Hogan
John Linden
Ron Morrison
Ken Olson
Halla Razak
John Simpson


2. Additions to Agenda (Government Code Section 54954.2(b)).

3. Public Comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.


5. Adjournment.

Melinda Cogle
Clerk of the Board

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
September 1, 2016

Attention: Engineering and Operations Committee

San Vicente Energy Storage Facility Study Update – Part Two (Presentation)

Purpose
Present Part 2 of the San Vicente Energy Storage Facility Study.

Background
The Water Authority and City of San Diego are jointly studying a potential up to 500 megawatt energy storage facility at San Vicente Reservoir. The Energy Subcommittee, formerly the Hydropower Task Force, was formed in December 2013 to provide guidance on the San Vicente Energy Storage Facility Study. Since then, the Subcommittee has met numerous times to receive updates from consultants and Water Authority and City staff regarding the 2014 feasibility study, which determined that the potential project is viable and should be studied further. In September 2015, the Board approved a professional services contract with Navigant Consulting to conduct a deeper economic, financial, power market, and marketability analysis to determine the optimal business model(s) for project implementation should it move forward. Since then, periodic updates on work progress have been provided to the Energy Subcommittee and Engineering and Operations Committee. On August 2, 2016, the most recent meeting of the Subcommittee, Navigant presented the preliminary results of the economic, risk, and marketability analysis and preliminary business model assessment. Because of the quantity and complexity of the information presented, the Subcommittee recommended that the information be presented to the Engineering and Operations Committee in two parts.

Discussion
At the August 25, 2016 E&O Committee, Navigant presented part one of the two part presentation. The information presented was foundational in preparation for the September 8, 2016 Special E&O Committee workshop. It included an explanation of why the Water Authority and City are studying pumped storage, a description of the project configurations being studied, the reason why electrical utilities need storage, and how electric utilities determine project value. Finally, the presentation outlined the methodology used for the power market and financial analyses and discussed key risks and potential mitigation measures. Feedback received at this meeting included the time-of-use tariffs’ effect on balancing energy supply and demand, status of other energy storage projects, and process for forming a joint powers authority.

Part two of the presentation will address the feedback received during part one and provide a description of the potential business models, the resulting net revenues, and an update on the discussions with potential partners. The material presented is essential for helping to inform the Energy Subcommittee’s “go”/”no-go” recommendation to the Board on whether to move to the next phase of the study. Another Special E&O Committee workshop will be held on November 10, 2016 to discuss the final results of Navigant’s analyses, the process for forming a joint powers authority, and the recommendations that will be presented at the December 2016 E&O Committee meeting.

Prepared by: Michael Hogan, Energy Subcommittee Chair