



Staff Report Item 10

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: **Authorize Execution of Wholesale Energy Services Agreement Northern California Power Agency**
DATE: December 6, 2017

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer to execute a letter of intent and negotiate a final contract with the Northern California Power Agency (NCPA) for Wholesale Energy Services for a term of two years that includes a one year option for extension that EBCE has sole discretion to exercise. Among the key terms to be included in this contract is a base price of \$640,000. Additionally, the Chief Executive Officer, Chief Operating Officer and Director of Power Resources will work with NCPA to develop a set of task orders within the base proposal cost, to support EBCE's set up of its procurement desk in three core areas:

Task 1: Schedule Coordination Services. NCPA working with EBCE will set up schedule coordination services for EBCE which will include all necessary CAISO and CPUC registrations to enable EBCE to procure all necessary power and renewable energy products.

Task 2: Portfolio & Risk Management Policies. NCPA will work with EBCE in parallel to develop short-, mid- and long-term portfolio management strategies in accordance to defined risk management policies and regulations. After an EBCE Energy Procurement Strategy and EBCE Risk Policy manual is developed, NCPA and EBCE will present to the board for final review.

Task 3: Enabling Agreements. NCPA will support EBCE in executing enabling agreements (EIs) with credit-worthy energy suppliers to procure all necessary power resources.

Background and Discussion

On October 19th 2017, EBCE issued an RFP for Wholesale Energy Services and received five complete responses from: 1) Direct Energy, 2) Tenaska Power Services, 3) Northern California Power Agency, 4) Sacramento Municipal Utility District, and 5) The Energy Authority. EBCE staff convened an interview panel made up of three EBCE staff (CEO, COO and the Director of Power Resources), Megan O’Neill from the Community Advisory Committee, and Samuel Golding, a consultant to EBCE.

The first-round interviews and candidate presentations took place in EBCE’s Hayward office on November 6th and 7th. After the first round was completed, all five candidates were asked to answer in writing a series of follow up questions (Attachment A) to gather more information on the specifics of their service offerings. After reviewing the RFP responses, the interview responses and the written responses, the interview panel convened and filled out a detailed matrix comparing each of the applicants based on a series of criteria which are outlined in the table below.

Table 1 - WES Review Matrix (items in bold were priority criteria)

Broader DER capabilities
Approach to portfolio design - PCIA/hedging
Ability to Meet Timeline & Understanding of CCA implementation risk/ process
Supplier relationships
CRR
Load forecasting 2016 error
Direct Access / C&I customer experience
Organizational Capacity/resource bandwidth
Technology platform
Data translation/ Reports
Culture/ Mission/ Strategic Alignment
-CCA Staff Training Resources
-Transparency/ Willingness to Collaborate
-Transition of Responsibilities
Cost Competitiveness / Scope
Credit Offering

NCPA and TEA were found to be the strongest on these key criteria and the review team decided to proceed with second round interviews with them both.

On Monday November 19th, EBCE staff, Megan O’Neill, and Samuel Golding convened for their final interview for the two shortlist candidates. EBCE staff, Megan O’Neill and Samuel Golding asked seven additional questions (Attachment B) focused on both vendors scheduling coordination and energy portfolio management capabilities. After the interview was complete, EBCE Staff and Nick Chaset conducted six reference checks for NCPA and TEA with the interim general manager for Valley Clean Energy Authority (CCA serving City of Davis and Yolo County) Mitch Sears, John Roukema, the Director of Power Services at City of Santa Clara, Nathaniel Miskis, the Director of Power Resources at BART, Mark Byron, the Director of Power Supply at University of California, Matthew Marshall, General manager at Redwood Coast Energy Authority (CCA serving Humboldt County), Tom Habashi, CEO of Monterey Bay Clean Energy (CCA). All reference checks indicated a very high level of satisfaction with both NCPA’s and TEA’s work in wholesale energy services.

To make the final recommendation to the Board, EBCE staff, Megan O’Neil and Samuel Golding held a series of calls to discuss the two counterparties’ bids, presentations and interview responses. This second round of evaluation focused on the core criteria outlined in Table 1 and well as a consideration of experience supporting local development and distributed resources.

Table 2 - Second Round Review Criteria

Overall Portfolio Management Approach/Capabilities	NCPA/TEA equally strong
Strength of Relationships with Energy Suppliers	NCPA slightly stronger due to long experience buying energy in CA
Organizational Capacity (ability to support all EBCE’s needs, including mid-2018 launch)	NCPA slightly stronger due, among other factors, to fact that entire NCPA team is based in Northern CA
Culture/Mission/Alignment	NCPA/TEA equally strong
Cost Competitiveness	NCPA lower cost
Local Development/Distributed Resources	no clear difference, though NCPA has more experience supporting

	local resource development for its members
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The group found that both NCPA and TEA would be highly capable partners able to meet EBCE’s needs and support EBCE from launch through operations. NCPA was found to be slightly stronger than TEA in a couple of areas, including cost and organizational capacity. In addition to NCPA’s technical capacity, cost advantages and organizational alignment with EBCE, the fact that NCPA has three members based in Alameda County - Bay Area Rapid Transit, The Port of Oakland and the City of Alameda - and two more in the Bay Area - City of Palo Alto and City of Santa Clara - was deemed to be a differentiating factor. Though EBCE has not fully scoped out opportunities for collaboration with these NCPA members, EBCE does see the potential to leverage the NCPA relationship with pursue activities like coordinated local development and technical knowledge sharing.

EBCE staff recommends that the EBCE Board select NCPA to provide EBCE wholesale energy services. Staff also recommends that the EBCE Board delegate the final negotiation and execution of a contract with NCPA to EBCE CEO Nick Chaset. EBCE staff recommends that this contract include a clear roadmap to execute the following tasks and ensure a seamless launch of Municipal and C&I accounts in mid-2018.

- **Portfolio Management and Procurement Services**
- **CAISO Scheduling Coordinator Services**
- **Rate Design/Setting and other Energy-Related Advisory Services**
- **Long Term Procurement Planning**
- **Regulatory support**

Attachment(s):

A- First Set of Follow-up Questions

B- Supplemental Questions sent to NCPA and TEA

C- Resolution

Attachment A

First Set of Follow-up Questions

1. Provide a list of software relied upon for load/price forecasting, CTRM, IRP, CRR shadow settlements, and other services (whether licensed or proprietary).
2.
 - How long have you utilized each of these platforms?
 - Are outside experts relied upon for any analytics (as opposed to in-house staff)?
 - How will EBCE access these data sets?
 - What software would be available to demo prior to contracting?
3. Provide a list of your data subscriptions used for market analysis.
4. Provide a list of staff related to trading, load analysis, and portfolio management that pertains to the CAISO market.
5. Business continuity:
6.
 - Provide number of unplanned system outages, and average uptime since inception (if available)
 - Provide # of operation centers
 - Describe your cybersecurity & use of third-party threat assessments. Have you suffered any breach in the last 3 years?
 - Do you commission SOC audits and can you share those results with us?
7. For 2016 within CAISO, please provide the number of unique counterparties you have transacted with, number of transactions by type of product, and total MWh and \$ volume transacted.
8. What is the current number of WECC counterparties you have enabling agreements in place for CAISO based transactions?
9. What are the primary CCA risks you would highlight for pre- and post-launch with June 1 as the target launch date? How are you set up to manage those risks?
10. Please describe your capabilities and experience in managing load migration.
11. Please provide the average of the absolute value of each hourly error to your forecasted load over the last 12 months and full year 2016.
12. As part of our final evaluation process we are asking you to provide a best and final offer as it relates to price.

Attachment B

Supplemental Questions sent to NCPA and TEA

1. We have a very tight window to get to a June 1 launch and timing is a critical risk that we see. We want to be assured that you feel very confident in your ability to hit this date and flag any critical risks that would inhibit that.
2. Please discuss your role and knowledge in assessing PCIA risk and incorporating into your model. While we understand our role is critical in setting those assumptions, we do want a partner that can help inform us. Can you elaborate on your role in PCIA forecasting?
3. We have reiterated the importance of transparency and openness. This is a topic that we'd like to discuss further.
4. Lastly, we are looking for a flexible contract structure in terms of services and duration. As an organization in start-up mode, we would like to structure this with 2 year duration with a 1 year extension at EBCE's discretion.