Staff Report Item 11

TO: East Bay Community Energy Board of Directors

FROM: Bruce Jensen, Alameda County Community Development Agency (CDA)

SUBJECT: Approve County Selection Committee (CSC) recommendations for vendors on Alameda County Request for Proposals, RFP No. 16-CCA-1, Multi Alameda County Community Choice Aggregation / East Bay Community Energy: Multi-Service Technical and Administrative Tasks for Joint Powers Authority Initialization and Service Delivery

DATE: January 30, 2017

Staff Recommendation
Approve recommendations of CSCs for winning bids by vendors on the tasks described in Alameda County RFP No. 16-CCA-1, Multi-Service Technical and Administrative Tasks for Joint Powers Authority Initialization and Service Delivery, and direct Staff to forward recommendations to the Alameda County Board of Supervisors for contract approval. The RFP and RFP Addendum are attached to this report as Attachments 11-A and 11-B.

Background
On October 24, 2016, at the direction of the Board of Supervisors, Alameda County issued RFP 16-CCA-1 for Multi-Service Technical and Administrative Tasks for Joint Powers Authority Initialization and Service Delivery, to help progressing towards implementing a Community Choice Aggregation (CCA) program, East Bay Community Energy (EBCE). On behalf of the EBCE, the County is sought support for three sets of Service Categories in order to prepare for program launch: 1) Technical and Energy services, 2) Community Outreach, Marketing and Customer Notification, and 3) Data Management/Call Center Services. Prior to that date, the County had completed a technical study, which demonstrated that the CCA can meet the threshold environmental and economic goals, including among others competitive electric rates, greenhouse gas reductions, higher renewable content than the incumbent utility, and local economic benefits. The RFP would allow the EBCE to engage these additional necessary vendor services to move the program into full implementation.

The RFP was issued for a period of 50 days. The RFP was sent directly to 40 consultants in the fields of energy, economics, marketing, public outreach, data management and call center services, and was publicized by both CDA (which handled press advertising) and the General Services Agency, which provided County website posting. Numerous potential bidders for the three Service Categories attended bidders conferences held on November 9, 2016. Nine qualified responses spread across the three Service
Categories were received by December 14, 2016, including the nine primary consultants and several subconsultants.

On January 13 and 20, 2017, County Selection Committees consisting of combinations of five members of the CCA Steering Committee conducted interviews of the nine consultant teams. A Staffmember from Alameda County CDA observed the interviews but did not participate in the vendor scoring and selection process. These interview panels are described more fully below.

All bids were scored on a series of characteristics including:

- Technical Criteria – 20 points
- Cost / Budget – 15 points
- Contract Implementation Program and Schedule – 15 points
- Relevant Experience – 20 points
- Understanding of the Project – 20 points
- Methodology – 20 points, and
- References – 15 points
- Interview – 15 points

...for a total of 140 points.

**Analysis and Discussion**

**Service Category 1, Energy and Technical Services.** On January 20, 2017, interviews were conducted for *Service Category 1, Energy and Technical Services*. Details on bidder qualifications for this Sevice Category can be found starting on page 6 of the RFP. The selected firm would be required to do or assist with numerous complex tasks related to energy and regulation, including the following (summarized from RFP, pages 9 – 11):

- Serve as an expert resource to County staff, elected officials and the EBCE Board on all matters related to energy markets and regulations;
- Work with EBCE Board to finalize desired power supply mix, draft RFP for wholesale energy procurement, and assist in bid evaluation, negotiations and contracting;
- Develop master Power Purchase Agreement (PPA) for power suppliers and assist senior staff in power negotiations and contracting;
- Recommend customer phasing schedule based on program economics, organizational capacity and availability of credit.
- Refine operating budget based on final list of EBCE members, number of accounts and load requirements;
- Prepare EBCE Implementation Plan for certification by the California Public Utilities Commission (CPUC) and address any questions the CPUC or others may have;
- Assist as needed with program financing and solicitation of banking services based on operating revenues, financial analysis and customer enrollment schedule;
- Prepare tariff schedule and rate recommendations for two power supply options (e.g. default product at 50% renewable and voluntary product at 100% renewable) and design tariffs for ancillary programs such as net energy metering, community solar and/or local feed in tariff;
- Address PG&E, CPUC and CA Independent System Operator agreements and registrations;
- Develop integrated resource plan and complete related regulatory reporting;
- Be available for City/County and EBCE Board presentations, weekly planning calls, meetings with PG&E, etc.

The CSC for this Task consisted of four individuals from the Steering Committee, representing the City of Fremont, the Service Employees International Union (SEIU), the Communications Workers of America (CWA) and Alameda County District 1. Three highly qualified vendors were interviewed, and each interview lasted one (1) hour.

All firms that interviewed scored more than 124 out of the possible 140 points. Two firms for this category, MRW & Associates and RS2 Energy / EES have Small, Local, Emerging Business (SLEB) Certification from the County. Optony does not have this certification, but does have a SLEB at the required level for a subconsultant. Of these firms, two firms (MRW and Optony) scored very closely at an average of 124.5 and 125.75 points respectively. However, RS2 Energy / EES scored 134.5 points by the County Selection Committee, with very strong values across the board, including for Technical Criteria, Methodology and Project Understanding. All three vendors have substantial relevant experience, but the RS2 / EES team appeared to have a clear edge. From a budgetary perspective, RS2 / EES also scored very well, with a budget estimate at $211,101.75 (the highest estimate, from MRW, was $379,000).

Based on the foregoing discussion, Staff recommends that the EBCE Board approve the RS2 Energy / EES team as the winning bidder for RFP No. 16-CCA-1 Service Category 1, and direct staff to recommend this vendor to the Alameda County Board of Supervisors for contract approval. The Bid Packet for this firm are attached as Attachments 11-C and 11-D.

**Service Category 2, Community Outreach, Marketing and Customer Notification.** On January 13, 2017, interviews were conducted for Service Category 2, Community Outreach, Marketing and Customer Notification. The selected firm would be required to develop, design and implement a multi-faceted plan for building program awareness, engaging potential EBCE customers prior to launch, supporting the Agency’s website and design needs, and participating in customer notification / enrollments in collaboration with EBCE staff and vendors. The final of these tasks is required by law, and a significant item in terms of importance and cost. Details on bidder qualifications for this Service Category can be found starting on page 8 of the RFP, and specific requirements for the task begin on page 11.

The CSC for this Task consisted of two individuals from the Steering Committee, representing the City of Livermore and the Service Employees International Union (SEIU). Four vendors were interviewed, and all presented very well. Each interview lasted one (1) hour.

All firms that interviewed scored more than 100 out of the possible 140 points. All firms for this category have Small, Local, Emerging Business (SLEB) Certification from the County. Two firms, Circlepoint and Sequoia Foundation, scored very high and within three points of each other, higher than the other two firms, Center for Sustainable Energy California and D&A Communications. However, the highest scorer was Circlepoint with a total of 131.5 points before the SLEB bonus is added. Both Circlepoint and Sequoia scored highly in most categories; however, the one category where Circlepoint fared significantly better was in Cost and Budget; it came in with a bid of $597,840, well below that of Sequoia Foundation at $1,099,935. Otherwise, in the judgment of the interview panel, the two firms were nearly tied overall in terms of score and quality of proposal.
Based on the foregoing discussion, Staff recommends that the EBCE Board approve Circlepoint as the winning bidder for RFP No. 16-CCA-1 Service Category 2, and direct staff to recommend this vendor to the Alameda County Board of Supervisors for contract approval. The Bid Packet for this firm is attached as Attachment 11-E.

**Service Category 3, Data Management and Call Center.** On January 20, 2017, interviews were conducted for Service Category 3, Data Management and Call Center. The selected firm would be expected to carry out all tasks related to the data management function of the program, managing information related to over 600,000 individual accounts as well as rates, rate adjustments and other metrics, and setting up the call center, which will have to occur prior to launch. Details on bidder qualifications for this Service Category can be found starting on page 8 of the RFP, and specific requirements for the task begin on page 13.

The CSC for this Task consisted of the same four individuals for Service Category 1, representing the City of Fremont, the Service Employees International Union (SEIU), the Communications Workers of America (CWA) and Alameda County District 1. Two highly qualified vendors were interviewed, and each interview lasted one (1) hour.

Both firms that interviewed scored more than 130 out of a possible 140 points. Neither firm for this category currently have Small, Local, Emerging Business (SLEB) Certification from the County, although one, Pilot Power, Inc., would subcontract a local Berkeley firm, Direct Line TeleResponse, for the Call Center Function (35% of the budget value).

Two firms considered, Calpine Energy Solutions and Pilot Power, Inc, scored 132 points and 132.5 points respectively, a virtual tie. Calpine Energy Solutions has extensive experience with other CCA operations in California since March 2010, and in fact is the sole current provider of these services in the State at this time. Pilot Power, while not having direct CCA experience, has experience with many similar data management operations that are not CCA, but rather standard private utility companies such as PG&E; staff and the interview panel believes that the skillsets are similar if not identical. For CCA specifically, Pilot Power have less experience.

On the other hand, based on Staff’s calls to references listed by Calpine, which were mostly other CCA organizations, Calpine’s final score suffers modestly as a result of reservations about its service as expressed by the reference contacts. For one reference, concerns included lack of, or loss of, responsiveness to customer demands, along with only modest capabilities in matters like demand response, energy efficiency and tasks more complex than straight billing. Another reference stated that he felt that the lack of competition in the State was part of the problem. A third reference suggested that Calpine’s call center services have been a weak point but that Calpine has tried to be responsive to requests to improve the service. By comparison, Pilot Power references were unhesitatingly positive.

In most other task categories, the two bidding vendor firms were nearly equally strong. The net result was a nearly identical overall score between the two bidders. For one interviewer, Calpine achieved a clear advantage; for another interviewer, Pilot Power achieved an equally clear advantage. For the remaining two interviewers, the scores between the bidders were virtually identical. Cost and Budget, in this case, were not a factor – for the same timeframe, both vendors proposed a standardized cost of $1.15 per account per month. In the judgment of the interview panel, the two firms were nearly tied overall in terms of score and quality of proposal.
Staff believes that either Vendor could do a satisfactory job for data management and call center services; however, both would likely require substantial oversight and direction from Staff at various times, for the differing reasons described above.

Based on the foregoing discussion, Staff recommends that the EBCE Board consider the differences noted by the County Selection Committee between Calpine Energy Solutions and Pilot Power, Inc., and after discussion provide Staff with direction on which of these firms the EBCE Board would prefer to hire pursuant to RFP No. 16-CCA-1 Service Category 3. The Bid Packets for both of these firms are attached as Attachments 11-F and 11-G.

**Staff Recommendation**

Approve recommendations of CSCs for winning bids by vendors on the tasks described in Alameda County RFP No. 16-CCA-1, Multi-Service Technical and Administrative Tasks for Joint Powers Authority Initialization and Service Delivery, and direct Staff to forward recommendations to the Alameda County Board of Supervisors for contract approval. Specifically, the following recommendations as provided by the CSC:

**Service Category 1, Energy and Technical Services:** RS2 Energy

**Service Category 2, Community Outreach, Marketing and Customer Notification:** Circlepoint

**Service Category 3, Data Management and Call Center:** Either Calpine Energy Solutions or Pilot Power, Inc., at the pleasure of the EBCE Board.

**Fiscal Impact**

Should EBCE approve the recommended vendors, the budgetary costs would include the RS2 Energy / EES team for Service Category 1 at a total of $211,080.00, and Circlepoint for Service Category 2 at a total of $597,840.00; these two combined would total $808,920.00. These contracts could then be approved by the County Board of Supervisors on behalf of the EBCEA in February 2017, to be paid directly from County funds, and repaid back to the County with a modest level of interest at a future date once the EBCE begins to generate revenue from electricity sales. The precise interest rate, payment schedule and date of first payment are yet to be determined, but will be memorialized in a Cooperative Services Agreement between the County and EBCE, for Board approval at its February 2017 meeting.

Whichever vendor EBCE approves for Service Category 3, the cost would be $1.15 per account per month. For the Phase 1 launch, assuming approximately 200,000 accounts to start, the initial monthly costs would be approximately $230,000 per month, or $2,670,000 per year. As more accounts are added, this number would increase proportionately; for 600,000 accounts (the approximate total for the participating municipalities), this value would be $7,280,000 per year. According to the bid proposals, these costs would not be payable until approximately the time of program launch (late 2017 / early 2018), possibly a month or two after, to allow revenues to begin and EBCE funds to be directly available. The County Board of Supervisors would also approve this contract on behalf of the EBCEA (assuming the possibility that the County may need to fund the first month’s expenses for this service depending on exact details of the contract and revenue stream timing), with payment back also to be memorialized in the Cooperative Services Agreement.
In both cases, after launch, it is likely that the EBCE will wish to either take over the contracts to the extent necessary, or engage in a new hiring process for ongoing services of these types. That fiscal impact is unknown at this time.