



Staff Memo Consent Item 6

TO: East Bay Community Energy Board of Directors

FROM: Howard Chang, Chief Operating Officer
Melissa Brandt, Senior Director of Public Affairs and Deputy General Counsel

SUBJECT: Approve Selection of Portfolio Management and Technical Energy Regulatory Analysis Vendors in Response to Technical Energy Services Request for Proposals

DATE: July 18, 2018

Recommendation

- A. Approve the selection of two portfolio management and four technical energy regulatory analysis vendors in response to Technical Energy Services Request for Proposals technical area 3.3: Portfolio Management Services and 3.5: Technical Energy Regulatory Analysis; and
- B. Authorize the CEO, or his designee, to negotiate and execute Master Service Agreements with these vendors. The Master Service Agreement will be for a one-year term and the total value of all task orders associated with all Master Service Agreements shall not exceed \$700,000

Table 1: Proposed Vendor Selection

Portfolio Management Vendors:	Technical Energy Regulatory Analysis:
Energy and Environmental Economics (E3)	MRW Associates
Energy GPS	Energy and Environmental Economics (E3)
	Hanover Strategic Advisors
	Navigant Consulting

Background

On June 14, 2018, EBCE issued a solicitation for Technical Energy Services to support a broad set of technical energy analysis needs. The RFP was structured in four technical issue areas:

- 3.2: Power Procurement Services
- 3.3: Portfolio Management Services
- 3.4: Energy Risk Management and Analysis
- 3.5: Technical Energy Regulatory Analysis

Through the RFP, EBCE seeks to enter into enabling Master Service Agreements with one or more vendors to provide a diverse set of technical energy analysis services. Through the Master Service Agreements, EBCE staff is seeking the flexibility to issue specific task orders to perform analytical tasks. Staff is proposing that the term of the Master Service Agreement be one year and that the total value of all task orders issued under all of the Technical Energy Services Master Service Agreement not exceed \$700,000. In the approved 2018-2019 EBCE Budget, \$1,170,000 is budgeted for Technical Energy Analysis services. Through this RFP, EBCE staff expects to select the firms that can provide the majority of these services, while leaving over \$400,000 for other needs that have not been explicitly identified yet. If EBCE staff finds that some portion of this \$400,000 is needed to support the work of vendors selected through this RFP, EBCE staff will seek Board approval to increase the total value of the Master Service Agreements.

Responses to technical areas 3.3 and 3.5 were due June 28, 2018, while responses to technical areas 3.2 and 3.4 are due July 16, 2018. The rationale for separating the responses for the technical areas was to provide staff the ability to initially focus on reviewing bids and interviewing bidders in the two technical areas where staff expects to need technical assistance (3.3: Portfolio Management and 3.5: Technical Energy Regulatory Analysis) in the next three months. Staff expects to review bids in response 3.2: Power Procurement Services and 3.4: Energy Risk Management and Analysis in July and August.

EBCE received bids from twelve vendors. Nine vendors bid into both technical area 3.3 and 3.5, while three vendors only bid into technical area 3.5. EBCE staff reviewed each of the proposals, shortlisted the bids and interviewed a subset based on the technical evaluation criteria in the RFP and EBCEs Special Procurement Preferences.

Discussion

On June 14, 2018, EBCE issued an RFP for technical energy services. Twelve bidders responded to the RFP. Each bid was evaluated on the basis of competency to perform scope of work, best fit, price competitiveness, and EBCE’s special procurement preferences. Each of the proposals was reviewed by EBCE Staff. Bidders with demonstrated expertise in either technical area 3.3 or 3.5 were invited to interview. Five bidders were interviewed in response to technical area 3.3 - Portfolio Management and eight bidders were interviewed in response to technical area 3.5 - Technical Energy Regulatory Analysis. In technical area 3.3, EBCE staff is recommending selection and contracting with the two highest scoring bidders. In technical area 3.5, EBCE staff is recommending selection and contracting with the four highest scoring bidders.

Below is a table showing the scores of the bidders proposed for selection (out of 100). All bidders were scored based on the framework detailed in the RFP, which included EBCE Special Procurement Preferences related to Alameda County, Union and WMDV-LGBT owned businesses.

Table 2 - Portfolio Management Bidder Ranking

	E3	Energy GPS
Total	76.7	73.3

Table 3 - Technical Energy Regulatory Analysis Bidder Ranking

	MRW	E3	Hanover	Advisian/ Navigant
Total	89.25	82	73	82

Table 4 - Overview of Technical Analysis Firms

<p>Portfolio Management Vendors:</p>
<p>Energy and Environmental Economics (E3): Founded in 1989, E3 is a San Francisco, California-based consultancy dedicated to analysis of the electricity sector. E3’s areas of expertise include procurement cost and risk management, energy and capacity price forecasting, integrated resource planning, avoided cost quantification, cost of service analysis, rate design, distributed energy resources, transportation electrification, and regulatory support. E3 complements its comprehensive knowledge of electricity sector policy and regulation with state-of-the-art quantitative analysis techniques, as demonstrated by its software development and extensive publications in scholarly journals. E3 serves entities in both the public and private sectors, delivering technical, policy, and market analysis. Our client base spans municipalities, government agencies, utilities, developers, investors, technology companies, transmission owners, regulators, and policy makers, enabling us to bring a 360-degree perspective to every engagement. Our deep understanding of the policy landscape and regulatory institutions informs the models we develop and helps illuminate for our clients the key issues driving profitability of their businesses. In turn, our advisory services are grounded in insights derived from our technical analysis. We are committed to delivering clear, unbiased analyses that help clients make informed decisions. The insights gained through our diverse projects uniquely position E3 to combine our robust analytics practice with our intimate knowledge of policy and potential future regulatory outcomes to support all aspects of EBCE’s resource planning, portfolio and risk management, and regulatory compliance and analysis. E3 has successfully translated our deep energy expertise into meeting the needs of CCAs. We have assisted East Bay Clean Energy with integrated resource planning and supported them and Peninsula Clean Energy on procurement. We were recently selected to provide a range of support services to San Jose Clean Energy and Clean Power Alliance. In our engagements with CCAs E3 consultants have both delivered finished products to clients and provided tools and training to enable them to develop portfolios, plans and regulatory filings independently.</p>
<p>Energy GPS: Energy GPS LLC (Energy GPS or EGPS) was formed in 2009 with the goal of providing analysis and insights to energy developers, investors, asset owners, and traders. Our consulting practice focuses on the North American electricity, natural gas, and environmental markets and offers clients access to data mining, analytical capability, and a breadth of energy experience. These skills and experience enable EGPS to synthesize vast amounts of information and concisely articulate factors and trends into the information and insight that clients need for their business. EGPS consulting is staffed with former energy traders and</p>

renewable power marketing professionals that bring real-world experience to the analysis. This real-world experience enables EGPS staff to provide market as well as commercial contractual negotiation insight that can help support the insight provided that drives client decisions and actions. Typically, EGPS clients need one or more of the following questions answered:

- Valuation: What is a particular asset worth? What are the key drivers of value?
- Risk: What are the major risks associated with an asset? How can those risks be quantified and mitigated?
- Marketing: What drives market demand for an asset? What are the most beneficial deal structures? What is the best transmission or transportation strategy for getting product to market? What contractual terms support the commercial structure to derive value?
- Regulatory: What is the best way to operate an asset given the existing market rules and regulatory environment? How will potential changes in regulations impact an asset or a business?

Technical Energy Regulatory Analysis:

MRW Associates (ALAMEDA COUNTY BASED FIRM):

MRW & Associates, LLC is internationally recognized for its broad expertise in electric power and fuel markets. We combine an in-depth knowledge of these markets with rigorous economic and technical analysis to help our clients assess market opportunities, develop business strategies, and address regulatory issues.

MRW offers its clients a comprehensive portfolio of consulting services in the areas of power market analysis, regulatory and litigation support, natural gas market analysis, and retail market support. Because we maintain a singular focus on the energy industry, our industry expertise is both deeper and broader than many other consulting firms. We understand the strategic implications of evolving regulatory models, emerging technologies, and changing market dynamics and we put this knowledge to use to serve our clients' interests. Practical research, qualitative and quantitative analysis, and industry expertise underpin all of MRW's work and ensure that our client recommendations are sound.

Established in Oakland, California in 1986, MRW early-on built a solid reputation for delivering local insights on power and fuel markets in the western United States as well as intervening successfully in legislative and regulatory proceedings on our clients' behalf. Over this time, MRW has been involved in landmark developments such as the emergence of the independent power industry and the deregulation of California's electricity and natural gas industries.

Today, MRW continues to deliver high quality, superior market insights, analysis, and client support on a national and international level. The company has undertaken engagements in more than twenty different states, including nearly every state in the western U.S. Internationally, MRW has advised clients on projects in Argentina, Bolivia, Canada, China, India, Indonesia, Korea, Mexico, and Vietnam.

Our client base includes major financial institutions, private power developers, power marketers, municipalities, Fortune 500 industrial companies, commercial end-users, natural gas pipelines and storage service providers, regulatory agencies, and other strategic players in the energy sector. MRW's team of professionals, with an average of ten

years of industry experience, include specialists in power market modeling, financial analysis, regulatory processes, utility rate design, legislative analysis, commodity procurement, energy use analysis, contract negotiations, transmission planning and pricing, and strategic planning.

Energy and Environmental Economics (E3): DESCRIBED ABOVE

Hanover Strategic Advisors:

Hanover Strategy Advisors is a trusted advisor to utilities, generators, marketers, large users and financial institutions on energy strategy, financial, market and regulatory issues. We serve clients in the areas of: Regulatory and Commercial Advisory, Commodity Risk Management, Portfolio Management, Business Strategy and Market Assessment. During the last year, our focus has been on California Community Choice Aggregation work for the California Community Choice Association (CalCCA) along with work for California and ERCOT generation owners and developers. Our broader client list includes various energy infrastructure investors and lenders, utilities and generators, marketing and trading organizations, commercial and industrial energy consumers, and public power, water and aggregation agencies throughout the US. Specific client engagements have included serving as a strategy and commercial advisor in the areas of power sales and portfolio risk management, fuel procurement, ISO/RTO operations, commercial contracting, asset valuation, hedging and forecasting. Example clients include: CalCCA, Diamond Generating, Oregon Clean Energy, Buckeye Power, Transatlantic Power Holdings, San Diego County Water Authority, Sonoma Clean Power and Ellison, Schneider & Harris.

Advisian/Navigant Consulting:

With more than 500 consultants, Navigant's Global Energy Practice is the largest energy management consulting team in the industry. Our team of experienced professionals serves leading energy companies to address their most complex business opportunities and challenges.

We collaborate with utilities, government, investors, manufacturers, oil and gas companies, and major corporations to help them thrive in the rapidly changing energy environment. Our professionals combine market insights and business strategy knowledge with exceptional energy operational experience to deliver technically and financially viable solutions.

Navigant's energy industry clients include the world's 50 largest electric, water, and gas utilities, the 20 largest independent power generators, and the 20 largest gas distribution and pipeline companies. Our seasoned professionals and highly skilled specialists form exceptional teams that formulate the right strategies for each client's unique challenges and opportunities.

We help clients build, manage, and protect their future by:

- Building capabilities and innovative solutions that advance and transform their businesses
- Managing complexity and removing barriers to accelerate operational performance
- Protecting their business from adversity by meeting compliance requirements, keeping assets secure, and vigilantly managing risks

Based on EBCE staff scoring of the proposals and interviews, staff is recommending the selection of two vendors to provide Portfolio Management Services and four vendors to provide Technical Energy Regulatory Services, as indicated in Table 1.

EBCE staff is seeking approval to negotiate Master Service Agreements with each of these vendors for one-year terms with a total value of all Master Service Agreements not to exceed \$700,000. As specific technical analytic needs arise, EBCE staff plans to issue task orders to one or more of the enabled vendors. Selection of a vendor to provide a specific task order will be based on qualifications, availability and cost. Where practicable, EBCE staff will ask multiple enabled vendors to provide firm price quotes for task orders.

EBCE staff expects to interview additional bidders who have responded to technical areas 3.2 - Procurement Support and 3.4 - Energy Risk Management and Analysis after the bid period closes on July 16.

Attachments

- Resolution
- Technical Energy Services RFP
- Key Staff Resumes for Selected Vendors