

Agenda Report

September 19, 2022

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (9/13/2022)

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH ALLIANCE FOR COOPERATIVE ENERGY SERVICES (ACES) LLC FOR MODELING AND CONSULTING SERVICES FOR THE 2023 INTEGRATED RESOURCE PLAN FOR AN AMOUNT NOT TO EXCEED \$427,200

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed contract authorization is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15262, Feasibility and Planning Studies; and
2. Authorize the City Manager to enter into a contract, as the result of a competitive selection process pursuant to Section 4.08.047 of the Pasadena Municipal Code, with Alliance for Cooperative Energy Services (ACES) LLC for an amount not to exceed \$427,200 for the development of the Pasadena Water and Power Department's (PWP's) 2023 Integrated Resource Plan (IRP) to be performed over the contract term of four years. The not to exceed amount includes \$277,200 for portfolio modeling and professional consulting services plus \$150,000 for any related updates and services that may arise due to industry or regulatory updates. Competitive Bidding is not required under Charter Section 1002(F), contracts for professional or unique services.

MUNICIPAL SERVICES COMMITTEE RECOMMENDATION:

On September 13, 2022, the Municipal Services Committee approved the staff recommendation to enter into a contact with ACES.

At the meeting, Staff clarified that ACES have been contracting consultants on IRPs for utilities throughout the nation, including Pasadena's IRP update in 2021. Staff affirmed that ACES would be responsible for modeling and technical work, while policy direction on resources and renewable energy would be the prerogative of the City Council. PWP in-house staff will be managing outreach for the IRP process, and if further outreach assistance is needed, PWP will look to add a local vendor for those services.

EXECUTIVE SUMMARY:

The IRP serves as a blueprint for PWP to deliver reliable, environmentally responsible electricity services at competitive rates over a 25-year planning period. The purpose of the IRP is to establish a long-term plan for PWP's portfolio of energy supply resources and serves as an active, functional document that is updated at least every five years for the duration of the planning period. The plan balances (i) system reliability, (ii) fiscal responsibility, and (iii) environmental stewardship – specifically addressing climate change concerns. The IRP incorporates PWP's load growth forecast, anticipated electric vehicle purchases, a range of energy efficiency measures, and the performance of various electrical energy technologies. Developing the IRP includes a baseline analysis, several alternative scenarios, and two resiliency tests. The IRP also includes analysis of the corresponding impacts on revenue requirements, system reliability and operations, thus providing PWP with critical information to inform future decisions on energy supply activities.

PWP has formed a Stakeholder Technical Advisory Group (STAG), representing a cross-section of the Pasadena community, to provide input on the scope of the IRP. PWP will also hold public meetings and conduct outreach through its website and social media to gather additional stakeholder input for the IRP as final recommendations are developed for consideration by the City Council.

Additionally, the IRP is required to comply with Senate Bill 350 (SB 350), which was signed into law on October 7, 2015. SB 350 mandates that load-serving entities (LSE) with electric loads greater than 700 Gigawatt-hours (GWh), including PWP, develop an IRP by January 1, 2019, and provide updates to the IRP every five years thereafter. SB 350 includes a number of requirements which are further defined in the California Energy Commission's (CEC) Publicly Owned Utility Integrated Resource Plan Submission and Review Guidelines (CEC IRP Guidance Document). The CEC IRP Guidance Document provides the recommended format and content of the IRP for CEC-jurisdictional entities such as PWP.

Based on the results of a competitive selection process, staff recommends the award of a contract with ACES LLC to provide modeling and consulting services for the new IRP and to provide related consulting services for PWP. The recommended contract will not exceed a total of \$427,200 and services will be performed over a period of four years.

BACKGROUND:

On April 25, 2022, PWP issued an RFP on Planet Bids that identified two separate but related services. PWP requested proposals for modeling services for the preparation of the 2023 IRP and proposals for consulting services directly related thereto. Proposers were given the option of responding to either or both scopes of work. Staff is unaware of any local vendors capable of providing the required services, and no local vendors submitted proposals. All proposals for each scope of work were separately scored based on criteria described in the RFP. Attachment A includes a detailed breakdown of the

evaluated score for each respondent.

ACES LLC received the highest evaluated score for each of the individual scopes of work, based on a combination of relevant experience, quality of the technical proposal, and price proposals as summarized in Table I (Production Cost Modeling) and Table II (Professional Consulting Services). It is recommended that the City Council authorize the City Manager to execute a contract with ACES LLC in an amount not to exceed \$427,200 to perform both scopes of work.

Table I

Proposer	Strength of Proposal	Experience of Project Team	Cost	Local Pasadena Business	Small/Micro Business	Total Score
North West Economic Research	N/A	N/A	N/A	N/A	N/A	N/A
ACES	27.33	25.67	30	N/A	N/A	83
Black & Veatch	25.67	26	17.89	N/A	N/A	69.56
Ascend Analytics	23	25.33	11.66	N/A	N/A	59.99
Siemens Industry	23.67	27.33	14.54	N/A	N/A	65.54
Charles River Associates	21	23.67	6.75	N/A	N/A	51.42

Table II

Proposer	Strength of Proposal	Experience of Project Team	Cost	Local Pasadena Business	Small/Micro Business	Total Score
North West Economic Research	26	26	17.46	N/A	N/A	69.46
ACES	24.67	25	28.79	N/A	N/A	78.46
Black & Veatch	20.67	23.33	30	N/A	N/A	74
Ascend Analytics	N/A	N/A	N/A	N/A	N/A	N/A
Siemens Industry	22	23	11.06	N/A	N/A	56.06
Charles River Associates	N/A	N/A	N/A	N/A	N/A	N/A

PWP staff conducted this RFP selection process in compliance with the City's procurement policy. The proposal submitted by ACES LLC complies with all requirements defined in the RFP.

Since 2007, ACES has been awarded two multi-year contracts for wholesale energy resource trading and settlement services, cumulatively valued at approximately \$12 million. This includes Agreement No. 31509, valued at \$3,750,000 over a maximum

period of five years, and which is currently active in the first of two optional one-year extension periods.

Past experience shows that an IRP is an evolving document which, occasionally needs updating in light of unexpected developments. These can include regulatory changes, industry innovations, and other events prompting more detailed analysis in areas where PWP may lack specific expertise. PWP anticipates requesting additional services on an as-needed basis as described below. The RFP included a requirement that Proposers provide pricing options for these circumstances, including:

- Modeling additional resource portfolio scenarios,
- Supporting PWP at additional STAG and public meetings, and
- Other items requested by PWP (including, but not limited to, an evaluation of potential future renewable energy integration cost through California Independent System Operator markets, economic evaluation of individual resource proposals and solicitations, and additional technical research, analysis, and expert opinions).

PWP expects that the cost of these additional services will not exceed \$150,000, and PWP would assign such services to ACES via task orders under this contract, with completion of such activities not to extend beyond December 31, 2026.

IRP STAKEHOLDER PROCESS:

PWP has formed a STAG that represents residential customers, commercial customers, environmental advocacy groups, educational institutions, and community-based organizations. The IRP will be developed with extensive public input, including the STAG, public meetings, and website and social media outreach. The IRP development process is expected to take six to eight months. PWP will regularly update the Municipal Services Committee (MSC) and the Environmental Advisory Commission (EAC) with IRP progress reports. PWP staff will ultimately present the final recommended IRP to the MSC and EAC, prior to seeking approval by the City Council.

COUNCIL POLICY CONSIDERATION:

Developing an IRP is consistent with the City's Urban Environmental Accords goals (with respect to increasing renewable energy and reducing greenhouse gas emissions), the General Plan Energy Element, and the City Council's Strategic Planning Goals. The IRP will support the following Urban Environmental Accords goals: Action 1 -- Renewable Energy; Action 2 -- Energy Efficiency; and Action 3 -- Climate Change.

ENVIRONMENTAL ANALYSIS:

The proposed action is the execution of a contract for professional consulting services to assist in the preparation of an IRP. This action has been determined to be statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15262. This Section states that a project involving only feasibility and

planning studies for possible future actions which the agency has not approved, adopted, or funded are exempt from CEQA. Execution of a professional services contract for the preparation of an IRP does not commit the City to undertaking any improvements or other actions that would result in a physical change in the environment.


FISCAL IMPACT:

The total proposed contract authorization is for an amount not to exceed \$427,200, including (i) \$193,850 for production cost modeling services, (ii) \$83,350 for professional consulting services to assist the PWP with its IRP, and (iii) \$150,000 to cover additional consulting tasks contemplated in the contract.

Funding for this action will be addressed by the utilization of existing and future budgeted appropriations in the Power Fund 411, Capital Improvement Program ("CIP") 03249 - Power Supply Integrated Resource Planning and Design. It is anticipated that approximately \$250,000 of the cost will be spent during the current fiscal year. The balance would be spent over the remaining fiscal years within the contract term.


There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Respectfully submitted,



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