

Agenda Report

DATE: August 3, 1998

TO: ATTENTION DEREGULATION COMMITTEE
CITY COUNCIL

FROM: ACTING CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO CONTRACTS WITH EXL CONSULTING AND ASCE CONSULTANTS FOR PROJECT MANAGEMENT SERVICES TO PROCURE AND IMPLEMENT THE INFRASTRUCTURE NECESSARY TO INTERFACE WITH THE INDEPENDENT SYSTEM OPERATOR, IN AMOUNTS NOT TO EXCEED \$100,000 AND \$50,000, RESPECTIVELY

RECOMMENDATION

It is recommended that the City Council authorize the General Manager of the Water and Power Department (Department) to enter into contracts with EXL Consulting and ASCE Consultants for project management services to assist the Department in procuring the hardware, software, and communications systems ("infrastructure") necessary to effectively participate in markets operated by the California Independent System Operator (ISO), in amounts not to exceed \$100,000 and \$50,000, respectively. Competitive bidding is not required pursuant to City Charter section 1002[F], contracts for professional or unique services.

It is further recommended that the City Council exempt these contracts from the competitive selection requirement of the Affirmative Action in Contracting Ordinance, pursuant to section 4.09.060[C], contracts for which the City's best interests are served.

BACKGROUND

The Department has been closely monitoring developments in the newly restructured power market in California. ISO markets for ancillary services, such as spinning reserves, non-spinning reserves, and energy regulation, provide the potential for \$4 to 11 million per year in additional net revenues, under current market conditions. Even though staff does expect the ISO market to soften over time, and the net revenues from the ISO market will probably decrease to a more

sustainable level over time, staff does recommend installing the necessary infrastructure to interface with the ISO and gain access to these markets.

To gain access to the ISO markets, the City will need to become part of the ISO control area and install new infrastructure. Furthermore, this infrastructure must interface with the Department's Supervisory, Control, and Data Acquisition System ("SCADA"), which is budgeted for replacement in the FY 1999 Capital Improvement Program. The SCADA project anticipated the need, and budgeted for, project management services. Staff anticipates that the ISO infrastructure and SCADA Expansion project management services can be accomplished with the recommended contracts totaling \$150,000.

The ability to fast-track the infrastructure procurement process is critical to prevent delays in gaining access to the ISO ancillary services market, which should provide a significant source of new revenue for the Department. In order to gain access to breadth and depth of systems knowledge, level of analysis, and dedication of staff resources commensurate with such a time critical process, staff has sought the benefit of experts in the field.

The Department previously used EXL Consulting to assist in a high level review of the City's existing infrastructure. EXL evaluated the range of possible solutions for the Power System's SCADA, energy management, outage management, and energy accounting needs. Through this process, EXL produced a "needs assessment" and staff has gained confidence in EXL's capabilities and extensive experience in the areas of trading software, ISO and Power Exchange systems, and overall project management skills. EXL currently has staff on site at the ISO and PX assisting in the development and implementation of various systems. For these reasons, it is recommended that the City Council authorize the General Manager of the Water and Power Department to enter into a contract with EXL Consulting for project management services to assist the Department in procuring and implementing the infrastructure necessary to effectively participate in the ISO markets, in an amount not to exceed \$100,000.

Additionally, ASCE Consultants has been retained by Burbank Public Service to provide project management services in the replacement of their SCADA system. Burbank currently has the same model SCADA system as the Department, and ASCE has already completed a significant amount of work that would be applicable to Pasadena's SCADA specification. Additionally, if Pasadena and Burbank issue a joint specification for similar SCADA systems it is anticipated that the SCADA vendors will significantly discount the bids to both parties. For these reasons, it is recommended that the City Council authorize the General Manager of the Water and Power Department to enter into a contract with ASCE Consultants for project management services to assist the

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Department in procuring and implementing an expanded SCADA system, which is compatible with the above ISO infrastructure, in an amount not to exceed \$50,000.


FISCAL IMPACT

Sufficient funds are budgeted in the Light and Power Fund Capital Improvement Program under Item 3073, Supervisory Control and Data Acquisition System (SCADA) Expansion. This capital project anticipated the use of project management services to procure and implement the SCADA Expansion. Additionally, the SCADA system will no longer require an automatic generation control (AGC) module because the ISO will control the generators directly and Pasadena will no longer operate a control area. These AGC savings combined with the new ability to move to a lower-end SCADA product have freed up sufficient funds to pay for the additional project management services required for the ISO infrastructure and stay within the budgeted amount for the project.

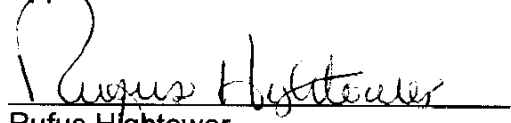
Respectfully submitted,


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