East Bay Community Energy Services Agreement

Facilities Committee
December 6, 2017
Background

- East Bay Community Energy (EBCE) issued a Request for Proposals (RFP) for Wholesale Power Services
  - Portfolio Management and Procurement Services
  - CAISO Scheduling Coordinator Services
  - Rate Design/Setting and other Advisory Services
  - Long Term Procurement Planning
  - Credit Solutions
- In response to the RFP, NCPA submitted a Services Offer to EBCE
- NCPA participated in an interview process with EBCE on November 6, 2017, and it appeared that EBCE was interested in the services offered by NCPA
EBCE Service Area

- Alameda County
- Albany
- Berkeley
- Dublin
- Emeryville
- Fremont
- Hayward
- Livermore
- Oakland
- Piedmont
- San Leandro
- Union City
Services Agreement Structure

- Services Agreement for EBCE
  - Scope of Services
  - Defined Compensation
    - Escalated at 2% per year
  - Liability Protection and Limited Liability
    - Liability based on insurance limits
- Collateral / Security Requirements
- Term
  - Initial Term of two (2) years
  - Automatic one (1) year extension
Scope of Services – Services Agreement

- Portfolio Management and Procurement Services
- Scheduling Coordinator Services
  - Temporary SC (through December 31, 2018)
  - Long Term SC Agent
- Rate Design/Setting and Other Energy-Related Advisory Services
- Long Term Procurement Planning
- Credit Solution
  - Line of Credit
- Real-Time Dispatch and Monitoring
Compensation

- Proposed approach:
  - Develop an estimate of the cost of service using the Nexant Cost Allocation Model
  - Adjust the results of the estimate, as needed, to account for market alternatives
Modeling Assumptions - Nexant

- **Load**
  - 4,000,000 MWh per year

- **Contracts**
  - 4 24x7 power supply contracts (Energy, RPS, Capacity)
  - 1 On-Peak power supply contract
  - 1 Off-Peak power supply contract

- **Schedules**
  - DAM
    - 6 x 365 (1 Load and 5 Supply Contracts)
  - RTM (100 schedules)

- **Direct Assignments**
  - Forecasting: 5% of Direct Assignment
  - Resource Planning: 10% of Direct Assignment
  - Pre-Scheduling: 5% of Direct Assignment
  - Risk Management: 25% of Direct Assignment

- **Integrated Systems**: 3 IT Units (Load, Trades, System)
Model Estimate

- $635,000 per year
- Escalated annual at a rate of 2%

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<th>General Power Mgt</th>
<th>Direct Assignments</th>
<th>Pool Allocation</th>
<th>System Integration</th>
<th>FY 2018 Power Mgmt Total Pwr Mgmt</th>
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Staff Proposal

- Based on the output of the Nexant Cost Allocation Model, define a preauthorized range in which the General Manager of NCPA may negotiate the amount of compensation for the Services rendered.

- Staff Recommendation:
  - Cost of Service
    - $640,000
    - Escalated at 2% per year
  - Negotiation Authority:
    - Plus / Minus 15% of model estimate
Recommendation

- NCPA staff recommends that the Facilities Committee recommend Commission approval and authority for NCPA to enter into a Services Agreement with East Bay Community Energy, under which NCPA will supply certain scheduling and portfolio management services to East Bay Community Energy, including any non-substantive modifications to the Services Agreement approved by NCPA’s General Counsel.
Questions / Comments