

East Bay Community Energy Services Agreement

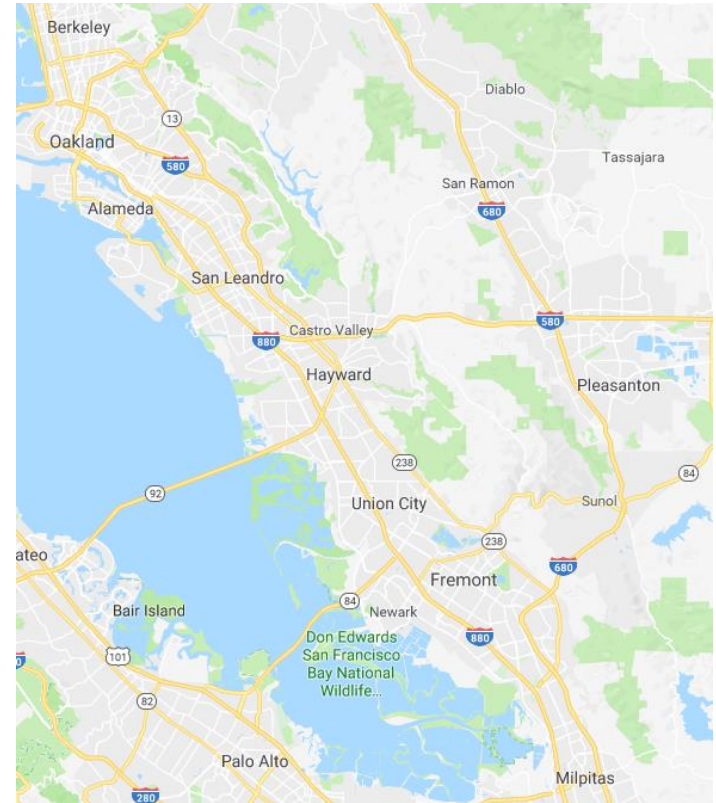
Facilities Committee
December 6, 2017

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 interesting 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%

	General Power Mgt	Direct Assignments	Pool Allocation	System Integration	FY 2018 Power Mgmt Total Pwr Mgmt	Increase (Decrease)
Alameda	\$624,708		\$262,396	\$24,808	\$911,912	(\$50,136)
BART	\$372,535	\$184,416	\$98,638	\$9,497	\$665,085	(\$52,895)
Biggs	\$37,461		\$21,434	\$864	\$59,759	(\$4,307)
Gridley	\$44,171		\$28,362	\$4,156	\$76,689	(\$5,692)
Healdsburg	\$104,959		\$50,260	\$2,001	\$157,219	(\$8,881)
Lodi	\$690,599		\$309,248	\$12,714	\$1,012,561	(\$56,726)
Lompoc	\$178,925		\$86,088	\$3,559	\$268,572	(\$16,374)
Palo Alto	\$975,414		\$532,142	\$48,553	\$1,556,109	(\$88,063)
Plumas Sierra	\$176,199		\$105,359	\$10,093	\$291,651	(\$18,047)
Port of Oakland	\$210,556		\$115,825	\$5,101	\$331,482	(\$27,618)
Roseville	\$459,424	\$53,788	\$0	\$31,657	\$544,869	(\$18,255)
Santa Clara	\$2,839,264	\$53,788	\$0	\$101,302	\$2,994,354	(\$238,481)
EBCE	\$488,856	\$136,654	\$0	\$9,497	\$635,007	\$635,007
Truckee-Donner	\$0	\$0	\$0	\$0	\$0	\$0
Turlock Irrigation District	\$95,949	\$7,684	\$0	\$18,994	\$122,627	(\$5,975)
Ukiah	\$263,981		\$123,709	\$8,448	\$396,139	(\$23,637)
	\$7,563,001	\$436,329	\$1,733,461	\$291,243	\$10,024,033	\$19,918
Direct to Programs - LEC	\$1,170,536	\$145,996		\$25,325	\$1,341,857	(\$19,918)
	\$8,733,537	\$582,325	\$1,733,461	\$316,568	\$11,365,891	\$0

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

