

October 23, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP GO18-060 and award contracts to GridX, Inc., of Milpitas, CA; MRW & Associates, LLC, of Oakland, CA; and, ZGlobal, Inc., of Folsom, CA, for conducting a comprehensive Community Choice Aggregation Feasibility Study, in an aggregate amount of \$300,000, with a contingency in the amount of \$50,000, for a total aggregate amount not to exceed \$350,000, for a period of one year, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and authorize the City Manager, or designee, to execute all documents necessary to enter into the contracts, including any necessary amendments. (Citywide)

DISCUSSION

City Council authorization is requested to enter into contracts with MRW & Associates, LLC, GridX, Inc., and, ZGlobal, Inc., to conduct a Comprehensive Community Choice (CCA) Aggregation Feasibility Study (Study) for the City of Long Beach (City). A CCA program enables local jurisdictions to procure electricity services directly, rather than through an investor-owned utility, including cleaner and more renewable sources of power, on behalf of customers within the borders of the established CCA. Critical to assessing whether a CCA program will make economic sense, along with meeting environmental and social objectives, a detailed and comprehensive Study identifying the potential benefits and risks across multiple criterion is necessary.

The scope of work of the Study will collectively be provided by the selected firms who will employ industry-standard models and transparent methodologies by engineering a modeling architecture across contractors that is sophisticated and flexible. The firms will examine the business case for a CCA under current market rules, regulations, and competitive dynamics, and over time as these factors change, which is to be expected. The underlying models are database and software platforms that are comparable to the tools relied upon by CCAs and Southern California Edison (SCE) for operations, forecasting, and planning exercises. This work product will produce scenario analyses that simulate expected changes in regulations, retail competition, and market design fundamentals that will be driven by the acceleration of CCA formation and the increasing impacts of variable renewable and Distributed Energy Resources.

- GridX will be responsible for the management of customer Smart Meter data, hourly load forecasting, and retail rate/bill revenue forecasting. GridX is able to perform advanced forecasting that anticipates significant changes expected by 2020, such as the implementation of default Time of Use (TOU) rate structures for residential customers in SCE's territory.
- ZGlobal will be responsible for conducting hourly simulations of California's energy markets and the consequent energy portfolio costs for the CCA and SCE under a variety of scenarios.
- MRW will perform calculations based on the simulation results to capture the various regulatory rules that impact SCE's rates and non-bypassable charges to CCA customers. MRW will also provide oversight and management support — particularly in ensuring that the different contractors use the same modeling assumptions, where necessary and appropriate (maintaining "feature-for-feature comparison" across all models), and will be responsible for drafting the final report with select input from the other firms.

Together, these models will capture the inter-relationships between the electricity markets, natural gas and hydroelectric sectors to simulate a wide variety of real-world scenarios and allow Long Beach to rigorously examine the business case for CCA under a variety of changing conditions. The analysis will also provide the City with quantitatively rigorous estimates of system and local Greenhouse Gas (GHG) impacts, as well as local and regional jobs/economic impacts.

In the final report, MRW will provide strategic advice, such as in assessing regulatory risk factors, as well as recommendations on CCA program design and implementation process considerations.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on January 17, 2018 and 6,413 potential proposers specializing in professional, scientific, architectural, technical, and civil engineering services were notified of the RFP opportunity. Of those proposers, 57 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. A RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Five proposals were received on March 12, 2018. Of those five proposers, one was a Minority-owned Business Enterprise (MBE), one was a Women-owned Business Enterprise (WBE), and none were certified Small Business Enterprises (SBEs) or Long Beach businesses (Local). GridX, Inc., of Milpitas, CA (MBE, not a WBE, SBE, or local); MRW & Associates, LLC, of Oakland, CA (not a MBE, WBE, SBE, or Local); and, ZGlobal, Inc., of Folsom, CA (not a MBE, WBE, SBE, or Local), were selected.

A Selection Committee, consisting of staff representing the Energy Resources, Financial Management, Harbor, and Water Departments, along with the Office of Sustainability, reviewed the proposals in accordance with the evaluation criteria specified in the RFP, and determined that the three selected firms were the most qualified to provide the requested services.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 8, 2018, and by Budget Management Officer Rhutu Amin Gharib on October 5, 2018.

TIMING CONSIDERATIONS

City Council action is requested on October 23, 2018, to expeditiously complete the CCA Feasibility Study for the City.

FISCAL IMPACT

The total aggregate amount for the three contracts will not to exceed \$350,000, and is budgeted in the Gas Fund (EF 301) in the Energy Resources Department (ER).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. DOWELL
DIRECTOR OF ENERGY RESOURCES

APPROVED:



PATRICK H. WEST
CITY MANAGER