

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 5

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager, VCEA

Subject: Implementation and Operational Service Support – Contract Extensions

Date: November 16, 2017

RECOMMENDATIONS

1. Authorize the Interim General Manager, in consultation with VCEA Legal Counsel, to extend VCEA’s existing contract with LEAN Energy in an amount not to exceed \$50,000.
2. Authorize the Interim General Manager, in consultation with VCEA Legal Counsel, to extend VCEA’s existing contract with Don Dame, public utility expert, in an amount not to exceed \$10,000.

BACKGROUND & DISCUSSION

The VCEA Board has previously approved consultant support contracts with LEAN Energy and Don Dame to provide support for the launch of VCEA. As outlined below, together these consultants provide different and complimentary subject matter expertise in the launch and power procurement activities for emerging CCA programs across the State, including VCEA.

Staff considers these to be critical support services for the successful launch of VCEA, especially given the unique circumstances associated with being the first CCA to launch with a public utility as a technical services and operations partner.

LEAN Energy

In September 2016 the City of Davis entered into a contract with LEAN Energy to provide support services for the formation of a local CCA program. LEAN provides similar services to multiple CCA programs in California which has enabled VCEA to benefit from the experiences of other programs.

The City maintained its contract with LEAN Energy during the VCEA JPA formation stage with the understanding that the contract would be transferred to VCEA once the JPA was established. This transfer was approved by the VCEA Board in April 2017 with approximately \$38,000 remaining on the original \$75,000 contract. The original contract amount has been

utilized during the last seven months with LEAN's support work focused on the comparative analysis of service options and contract negotiations with SMUD. Approximately \$4,000 remains on the original contract.

The recommended extension is estimated to take LEAN's contract through the June 1, 2018 program launch and will focus on finalizing the SMUD contract and advising on pre-program launch activities. All other provisions of the contract remain unchanged.

Don Dame

In July, the Board authorized staff to enter into a services contract with Don Dame, an independent consultant with deep experience in public utility management and utility scale energy procurement. He is playing a key role in the analysis of the SMUD contract and is applying his subject matter expertise in electricity industry organizational design and energy procurement. As the contract with SMUD is finalized in late 2017 and initial energy procurement activities conclude in spring of 2018, staff anticipates that the need for his services will wind down. As a time and materials not to exceed contract, VCEA has the ability to exercise cost control and utilize his expertise in an efficient manner. The recommended extension is estimated to take his contract through the June 1, 2018 program launch and will focus on finalizing the SMUD contract and advising on energy procurement issues. All other provisions of the contract remain unchanged.

Approximately \$1,000 remains on the original \$15,000 contract.

CONCLUSION

The two contract extensions provide consistency in consulting services for VCEA through the launch phase and carry forward existing rates and other contract provisions. Together these consultants provide different and complimentary expertise needed by VCEA to successfully launch the program.

FISCAL IMPACT

The costs associated with the two contract extensions are accounted for in the Amended VCEA FY 2017/18 Budget set for consideration by the Board at the November 16, 2017 meeting.

Costs for the two contract extensions are:

- LEAN Energy – not to exceed, time and materials based \$50,000 contract extension.
- Don Dame - not to exceed, time and materials based \$10,000 contract extension.