

COUNTY OF ALAMEDA

REQUEST FOR PROPOSAL No. 90XXXX

for

Technical Study for Community Choice Aggregation Program in Alameda County

For complete information regarding this project, see RFP posted at http://www.acgov.org/gsa_app/gsa/purchasing/bid_content/contractopportunities.jsp or contact the County representative listed below. Thank you for your interest!

Contact Person: Bruce Jensen

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RESPONSE DUE

by

2:00 p.m.

on

Response Date

at

Alameda County Community Development Agency

Planning Department

224 W. Winton Avenue, Room 111

Hayward, CA 94544

COUNTY OF ALAMEDA

REQUEST FOR PROPOSAL No. 90XXXX SPECIFICATIONS, TERMS AND CONDITIONS for

COMMUNITY CHOICE AGGREGATION (CCA) TECHNICAL STUDY

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I. STATEMENT OF WORK

A. INTENT

It is the intent of these specifications, terms and conditions to describe the development of a countywide technical study to assess the feasibility, size and general characteristics of a potential Community Choice Aggregation (CCA) Program in Alameda County. This study will incorporate load data from PG&E and other sources as appropriate to assess the overall electricity and capacity requirements to serve residential, municipal and commercial electricity customers in the County (with the exception of the City of Alameda which is served by a municipal utility, [customers with their own generation facilities and customers of the Western Area Power Authority](#)), as well as examine other CCA Program features as outlined in Sections B and C below.

The County intends to award a one-year contract (with option to renew) to the bidder(s) selected as the most responsible bidder(s) whose response conforms to the RFP and meets the County's requirements.

B. SCOPE AND BACKGROUND

The Alameda County Board of Supervisors voted unanimously in June, 2014 to allocate \$1.325 million to explore the creation of a Community Choice Aggregation (CCA) Program and directed County staff to undertake the steps necessary to evaluate the feasibility of a CCA. A CCA Program enables local jurisdictions to procure electricity services – including cleaner and more renewable sources of power – on behalf of customers within their borders. Established by AB117 in 2002, California currently has [two-three](#) active CCA Programs in Marin and Sonoma Counties, ~~one about to launch as well as in~~ the City of Lancaster, and dozens of other local governments are exploring CCA across the State.

Critical to assessing whether a CCA Program will make economic sense and meet local environmental [and social](#) objectives is a technical study that identifies pertinent specifications and requirements associated with the prospective CCA Program (i.e., determination of how many customer accounts are likely to be served by the Program and identification of related tariff designations/options under which such customers will take electric service; quantification of expected electric energy requirements for customers participating in the prospective CCA Program; and determination of periodic peak demands associated with such customers as well as various other parameters), including the projected impacts of various clean energy and GHG reduction scenarios. The technical study is also helpful in determining whether or not the CCA can provide electricity rates that are generally competitive with those offered by the incumbent utility.

This study will be completed for the Community Development Agency (CDA) as the designated Agency tasked with investigating CCA on behalf of the County. The study will also be reviewed by the Alameda County Board of Supervisors and committees established for the purpose of providing insight and feedback on the CCA opportunity and process.

The following is a delineation of the services contemplated in this RFP.

1. **CCA Technical Study:** The technical study will identify pertinent technical parameters of the CCA Program, including the number of prospective customers, the tariff designations under which such customers will take electric service, anticipated customer energy requirements (hourly) throughout the CCA's defined implementation period, expected peak demands (for purposes of quantifying the CCA's anticipated resource adequacy requirements across each applicable capacity designation: system, local and flexible) and renewable energy requirements (to achieve compliance with California's Renewables Portfolio Standard Program) as well as other pertinent information that may be required to develop supplier bid specifications and promote successful CCA implementation. The technical study will also examine the potential for GHG reductions (through the use of varying levels of renewable/clean energy), including an assessment of the GHG reduction potential from the voluntary use of unbundled renewable energy certificates compared to in-state renewable energy projects. The study will examine the projected financial impacts of varying levels of renewable energy integration and of increasing the procurement of renewable energy built with strong labor standards and family-supporting wages, as well as the impacts of procuring renewable energy from projects of varying sizes – from residential solar to utility-scale PV. ~~the projected financial impacts of varying levels of renewable energy integration, and the~~ The study will also examine the CCA's ability to achieve rate competitiveness with the incumbent utility in consideration of then-current market prices. The CCA study should examine the ability of the CCA to meet all applicable state regulations, such as the renewable portfolio standard (RPS), within the framework of the following DRAFT CCA Program Goals set out by the County. Please note that these draft goals are offered here for reference and are not a statement of specific tasks or study scope. Further, these goals may be modified as the initiative progresses.
 - a. Overall rates that are lower or competitive with those offered by PG&E for similar products.
 - b. Differentiated energy options (e.g. 33% or 50% qualified renewable) for default service, and a 100% renewable content option in which customers may "opt-up" and voluntarily participate.
 - c. An electric supply portfolio with a lower greenhouse gas (GHG) intensity than PG&E, and one that supports the achievement of Alameda County's Climate Action Plan greenhouse gas reduction goals and comparable goals of all participating jurisdictions.
 - d. An energy portfolio that prioritizes the use and development of local renewable resources and minimizes the use of unbundled renewable energy credits.
 - e. An energy portfolio that incorporates energy efficiency and demand response

programs and has aggressive reduced consumption goals.

- f. A program that demonstrates quantifiable economic benefits to the region (e.g. union and prevailing family-supporting wage jobs, local workforce development, new energy programs, and increased local energy investments).
- g. A program that promotes personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities and communities of color, which are most impacted by climate change.
- h. An administering Agency that is financially sustainable, responsive to County and regional priorities, and well managed.

C. BIDDER QUALIFICATIONS

1. Bidder shall demonstrate direct experience within and understand the California energy and electrical markets, including relevant legislation and regulations applicable to CCA and its major participants –investor owned utilities, CA Independent System Operator, energy service providers and independent power producers, California Public Utilities Commission, and other **key** market players.
2. Bidder shall demonstrate an understanding of the CCA formation process in California including - statutory and regulatory requirements, and best practices. Bidder shall have experience in customer data requests and analysis.
3. Bidder shall demonstrate experience in resource planning and energy procurement
4. Bidder shall demonstrate experience in rate setting /design and sensitivity analysis, including anticipated rate impacts related to varying levels of renewable energy procurement and local renewable project/Program development as well as energy efficiency and demand reduction Program implementation.
5. Bidder shall demonstrate experience in California energy compliance reporting as it relates to CCA.
6. Bidder shall possess all licenses and professional credentials relevant to performing services as specified under this RFP.
- ~~6-7.~~ Bidder or Bidder team shall demonstrate experience analyzing construction labor markets as they relate to the labor and clean energy goals of the CCA.

D. STUDY SCOPE AND REQUIREMENTS

In preparation for the Study, an initial step will be to receive and review Alameda County's electrical load data provided by PG&E as outlined in item #16 of PG&E's CCA Info Tariff¹ The technical consultant will review, format, and import data into an analytical framework and prepare summary level data for residential, commercial,

¹ The County has obtained load data authorization from all 13 County cities (other than the City of Alameda which has a municipal utility).

industrial and municipal accounts. The selected consultant will also prepare a 10-year load forecast in consideration of this data, using applicable load profiles made available by the incumbent utility. Specific tasks will include:

1. **Load study and forecast:** prepare utility load forecast that reviews historical and projects future electric energy requirements and peak demand across all customer classes, taking into account growth in renewables (e.g.: rooftop solar) and other appropriate factors, such as compensation for line losses. This task would also entail the development of class-specific forecasts which could be aggregated to comprise a composite of expected electrical energy requirements (and hourly shape) for all of Alameda County (excluding the City of Alameda). This forecast should be developed in a manner that will allow for the inclusion or exclusion of current direct access electrical accounts, as identified in customer data provided by the utility, in the event that such accounts should elect to become CCA customers (Port of Oakland, Oakland Airport, UC Campuses, National Labs, BART, etc.). As previously noted, the load study will estimate the number of megawatts per hour that will be required to serve the electric energy requirements of the CCA during the first ten years of operations including applicable peak demand for purposes of quantifying pertinent resource adequacy requirements (RAR).
2. **Rate Analysis:** Prepare both CCA and incumbent/PG&E rate analysis with reasonable estimates of future PG&E rate increases/fluctuations based on historical prices and factors that may affect the rate of increase into the future (e.g. local generation construction, spot market pricing, renewable energy mandates and declining cost of renewables, etc.). Other factors may also include ancillary services, transmission congestion impacts, transmission scheduling coordination costs and other factors. This analysis should be presented in a scenario analysis, with high, medium and low estimates of future PG&E pricing for all rate classes. Other considerations to be included in this section are:
 - a. Identification of other factors that may affect rate comparison (examples include combinations of the following: high gas, low gas, high hydro, low hydro, etc., and rate restructuring)
 - b. Investor Owned Utility (IOU) costs and surcharges embedded in rate forecast for direct comparison to CCA costs
 - c. Utility rate forecast under continued IOU service scenario
 - d. Based on IOU rate forecasts and other independent rate forecasts, compile electric generation service cost/ payment estimates for prospective CCA customers in consideration of applicable IOU rate schedules.
3. **Supply Scenarios for Alameda County CCA:** The technical consultant will develop three scenarios for the energy procurement requirements of the CCA. Each scenario will examine the likely rates and competitiveness with PG&E, given

current market conditions. Each scenario will also estimate greenhouse gas (GHG) impacts compared to PG&E. The consultant should consider variations in how both the renewable and non-renewable portions of the power mix can be obtained (e.g., in-state, in-county, out-of-state, unbundled vs. bundled renewable energy credits, technology preferences), and non-renewable portfolio attributes (e.g., system purchases, natural gas, hydro-electric). For the purposes of calculating the GHG reductions associated with unbundled RECs, the consultant should consider the GHG impacts of both counting and not counting these RECs towards GHG reductions. The precise scenarios will be determined in consultation with County staff but could include the following:

- a. Option 1: Baseline, minimum 33% RPS compliance. The goal of the CCA will be to meet or exceed the State Renewable Portfolio Standard (RPS) during the CCA's the first year of operation, so the first scenario should examine a supply scenario that meets the 2020 RPS minimum of 33% at the time of service commencement. This 33% level can be assumed to be flat during the course of the CCA Program or at least be equal to PG&E (if the RPS increases after 2020).
- b. Option 2: Mid-line, minimum 50% California Qualified Renewable Portfolio with less GHG intensity than PG&E.
- c. Option 3: Aggressive scenario: Start with 50% renewable and build up to 80% of the CCA's total load being met by CA eligible renewables by the end of Year 5 of the program. Similar to options 1 and 2 but with an increase to 100% CA qualified renewable content that would be offered on a premium, voluntary basis, with a substantial portion of that coming from in-State and local renewable resources in the County and general region.
(1) — Note: All scenarios should consider that consumers would be able to sign up for a 100% renewable option, which would be offered on a premium, voluntary basis, with a substantial portion of that coming from in-State and local renewable resources in the County and general region (Consultant should assume participation rates similar to MCE and SCP's 100% voluntary programs).

The 100% option should also provide a comparative analysis of PG&E's new 100% renewable option particularly as it relates to rates, source and location of renewable content, REC content, GHG impacts and any other relevant metric.

4. Energy Efficiency and Demand Reduction: Reducing energy demand will be another way in which the CCA program can lower its energy supply and peak demand procurement requirements. While a detailed technical assessment of energy efficiency is not within the scope of this study, the Consultant should

assume in the supply scenarios an –estimate of the percent reduction that could be achieved with an aggressive but reasonably implementable program. To this end, the Consultant should propose a series of discreet tasks (possible examples are provided below but the Consultant would not be limited to these) to inform the assumptions it makes in modeling the impact of energy efficiency and demand reduction in the supply scenarios:

- a. Interview local organizations and city/county agencies involved in administering energy efficiency programs in Alameda County. The Consultant should conduct research and solicit opinions about how CCA programs could have the most meaningful impact beyond what state, local and utility programs already exist.
- b. Review existing literature and studies regarding successful energy management programs in the County and Bay Area region, and what types of initiatives not already implemented could have a demonstrable, cost-effective impact.
- c. Review available literature and interview companies that specialize in demand response and energy management services to seek their opinions as to the technical and economically feasible potential of demand reduction opportunities in Alameda County.
- d. Analyze information from the load data provided by PG&E to identify potential opportunities for energy efficiency and demand reduction (eg: large users or categories of users with particularly high levels of peak demand).

5. **Economic Impacts:** For these scenarios, the consultant should examine not just costs and GHG impacts but also conduct expert economic analysis of the direct and indirect employment creation through existing economic development models such as JEDI or other industry- standard models to quantify potential economic impacts of various supply scenarios. The job analysis should also address job-quality metrics, such as family-supporting wages² and other relevant labor standards. The economic analysis should consider the following factors:

- a. In order to remove any doubt about whether employment opportunities are created above and beyond what would have otherwise taken place in the absence of a CCA program, the consultant should only consider jobs created only after the CCA’s RPS requirements are reached.

² Note that “family-supporting” wages is distinct from “prevailing” wages in that a different methodology and set of data variables are used for the calculations. Consultant should explain the different methodologies (and different estimate between a prevailing wage and family supporting wage in the Bay Area) and provide a brief overview of the different potential results when examining the overall employment impacts of a CCA.

b. The consultant should consider the potential implications of a CCA only seeking competitive or lower rates and thus affecting the levels of funding available to invest in new renewable generation projects.

a.c. For all scenarios, but particularly for Scenario 3, the Consultant should examine the beneficial impacts of incorporating substantial local built out of renewable resources. For example, the consultant should model assuming that one quarter to one half of the renewable content in that scenario come from resources built within the Bay Area region. The consultant should then seek to quantify local job creation, as well as impact on rates, taking into account best market estimates for the cost difference between (a) existing renewable power on the wholesale market and (b) new, local and more decentralized energy resources.- In addition, the Consultant should consider the impacts of distributed generation vs. larger utility-scale renewables. Eg: utility-scale projects is usually cheaper per MW installed than smaller, distributed projects. In addition, to the extent possible, the Consultant should conduct research or interview market participants to examine the difference in union participation and wages between large-scale and small-scale renewable projects.

4.6. Sensitivity Analysis: The consultant's model should be able to accommodate sensitivity analyses reflecting changes in the following variables:

- a. Market prices for conventional (non-renewable) energy
- b. Market prices for renewable energy based on preferred technologies.
- c. Changes in PG&E generation rates, exit fees and customer surcharges. The Consultant should examine the possibility that PG&E rates can go down in future years, either in response to the competition created by CCAs and other factors.
- d. Changes in policies affecting local renewables development, including the possible reduction or elimination of the federal solar tax credit and production tax credit for wind power.
- e. The possibility that not all cities in Alameda will join the CCA initially (or at any point in the future). The Consultant should examine to what extent rates may change depending on varying levels of participation. If 25% of the eligible load joins a CCA, if 50%, 80%, etc., is it possible – based on previous experience – that rates and resource availability would materially change? In other words, would lower levels of participation potentially translate into higher prices given reductions in volume?
- f. Rate sensitivity to higher renewable energy portfolio targets that exceed state RPS
- f.g. Rate sensitivity to local renewable generation, energy efficiency and demand reduction Programs

- h. Customer opt-out rates
- i. Consultant should also evaluate the potential impact of new policies, such as raising the RPS to 50% by 2030, as well as what could happen if additional direct access-supplied power is allowed. For direct access, the most recent proposal is for 100% of new DA power comes from renewable resources, which could make DA (which has historically been cheaper than either CCA or IOU generation) more in line with other load-serving entities. However, if new DA load is 100% renewable and RPS is raised to 50%, demand for renewables would be expected to rise. What impact could this have on rates and resource availability?
- ~~g~~.i. Consultants should consider the GHG impact of a CCA program's initial power portfolio, including the potential unavailability of hydropower for a CCA's non-renewable portion (this is a key component of Sonoma Clean Power's ability to have a low GHG content). Consultants should consider an East Bay CCA's GHG emissions if it cannot secure substantial, carbon-free sources like SCP's large-hydro contract. Is it possible, for example, that a CCA could have a level of emissions similar to PG&E in the short term, but (with increasing levels of renewables) lower emissions in the long-term? If this is the case, the consultant should consider a long-term GHG emissions profile compared to PG&E. That PG&E GHG baseline could (a) go down because of an increasing RPS or (b) rise because of lack of hydropower and the long-term uncertainty associated with the Diablo Canyon Nuclear Plant (a large source of emissions-free power).³

~~5~~.7. **Pro-Forma Analysis:** The consultant should assess the overall cost-benefit potential to support a threshold decision to move forward with CCA. Costs shall include upfront Program development and implementation costs as well as net ratepayer costs over the forecast period. Quantifiable impacts shall include potential for: 1) annual and net savings over PG&E; 2) net GHG reductions; 3) expanded use of renewable energy resources and local economic development (job-years created and indirect economic impacts above the regulatory or business as usual baseline and quality (wages, job access, location, etc. of the jobs created)).

- a. Pro forma report, including cash flow analysis, detailing costs and projected benefits under four electric supply scenario assumptions.
- b. Pro forma reports detailing costs and projected benefits under sensitivity case assumptions.
- c. Pro forma reports detailing costs and projected benefits of phasing in

³ Consultant should also describe the process of retiring GHG allowances through the state's cap-and-trade Voluntary Renewable Electricity program (<http://www.arb.ca.gov/cc/capandtrade/renewable/renewable.htm>). The consultants will assess the ease and feasibility of a CCA retiring GHG allowances through this Air Resources Board program, to correspond to the CCA's investment in renewable energy – and consider the possible implications if the ARB voluntary retirement account becomes exhausted.

customer load over time

- d. Consultant should assemble known and predictable cost-of-service variables and incorporate these into base-case analyses. Predictable cost-of-service variables include:
- (1) Energy Costs- Variable inputs for resource portfolio mixes to include:
 - (a) Forecast spot market prices
 - (b) Long-term and short-term power contracts (for wholesale products such as 6X16, 7X24 power products)
 - (c) Renewable Energy minimums as required under SBXI-2, or in excess of this minimum per electric supply scenarios
 - (2) Start-up costs
 - (3) Cost of Capital
 - (4) Operating and Maintenance Costs
 - (a) Administrative and general expenses
 - (b) Staffing
 - (c) External technical/legal/marketing/PR support
 - (d) Billing, metering, and collections
 - (e) Customer service (call center) and data management
 - (f) Scheduling and coordination
 - (5) Uncollected accounts
 - (6) Program reserves
 - (7) CCA Bonding for Reentry Fees
 - (8) PG&E surcharges, Cost-Recovery Mechanism [exit fees]
 - (9) Characterize and evaluate feed in tariff and net energy metering Programs that would encourage development of renewable energy generation projects in the region by offering customers a sustained reliable payback on their investment in renewable energy and sustainable local generation system.

6.8. Risk Analysis: The consultant should also analyze the potential risks to the Program, and outline risk-mitigation measures. Such risks could include but not be limited to:

- a. Financial risk to the JPA member cities in the event the CCA fails
- b. Financial risk of a CCA that procures too much or too little power and what the reasons might be for missing demand forecasts (e.g. higher than

expected opt outs)

- c. Regulatory and legislative risk, due to rules changes at the CPUC or changes in state law that affect the ability of CCAs to be competitive
- d. As described earlier, the ability to procure the necessary amounts of renewable supply to meet and exceed RPS standards, particularly if the RPS rises to 50% by 2030 (and/or the number of CCAs in the State greatly expands) and the demand for renewable energy spikes. The consultant should examine concerns expressed that there may not be enough renewable supply to serve and expanding CCA market, or that costs of exceeding the RPS in alignment with the goals of the CCA will be so high that many customers will opt out.

~~7.9.~~ **Peer Review Study:** ~~If it is determined to be necessary, the~~The County CDA will select a second firm(s) to conduct a 'validation study,' of the CCA economic impact analysis portion of the Technical study and other elements if it is deemed to be necessary, which will provide feedback and possible recommendations for integration into the CCA Technical Study before finalizing.

E. DELIVERABLES / REPORTS

- 1. Bi-weekly updates with CDA, either written or verbal, on the status of the project
- 2. Verification/finalization of load data request to PG&E
- 3. Verification/finalization of study scope and three power supply scenarios to be considered
- 4. Draft technical study (timeline to be discussed) in Microsoft Word
- 5. One round of revisions prior to peer review analysis and integration of necessary revisions after peer review. Final version of study will be submitted after review by CDA staff in Microsoft Word. Final draft should include all annexes, pro-forma analyses, Excel spreadsheets and additional documentation that were utilized in the development of the study.
- 6. Presentation of study findings and results before relevant CCA steering committee(s) and the Alameda County Board of Supervisors.

II. CALENDAR OF EVENTS

Develop CALENDAR OF EVENTS for clients review and include in 1st RFP draft. Upon release of bid and confirmation of CALENDAR OF EVENTS immediately reserve conference rooms, etc. and update your personal Outlook Calendar per the scheduled CALENDAR OF EVENTS. Add/delete/modify EVENTS as required. Insert Date/Time/Location of required EVENTS. When a project requires multiple Networking/Bidders Conferences they must be scheduled for different days in different locations.

EVENT	DATE/LOCATION
Request Issued	RequestDate

Written Questions Due	by 5:00 p.m. on Conference Date	
Networking/Bidders Conference #1	Conference1Date @ Time1 no less than 10 business days after RFP issue date	at: Alameda County Community Development Agency 224 W. Winton Avenue, Room 160 (Public Hearing Room) Hayward, CA 94544
Addendum Issued	Addendum Issue Date	
Response Due	ResponseDate by 2:00 p.m. no less than 5 business days after last Addendum issued	
Evaluation Period	July 6 – 12, 2012 <u>TBD</u>	
Vendor Interviews	July 12, 2012 <u>TBD</u>	
Board Letter Recommending Award Issued	BLDate	
Board Consideration Award Date	AwardDate	
Contract Start Date	StartDate	

Note: Award and start dates are approximate.

F. BIDDERS CONFERENCE

1. Bidders conference will be held to:
 - a. Provide an opportunity for Small Local Emerging Businesses (SLEBs) and large firms to network and develop subcontracting relationships in order to participate in the contract(s) that may result from this RFP.
 - b. Provide an opportunity for bidders to ask specific questions about the project and request RFP clarification.
 - c. Provide the County with an opportunity to receive feedback regarding the project and RFP.
2. All questions will be addressed, and the list of attendees will be included, in an RFP Addendum following the networking/bidders conference(s).
3. Potential bidders are strongly encouraged to attend networking/bidders conference(s) in order to further facilitate subcontracting relationships. Vendors who attend a networking/bidders conference will be added to the Vendor Bid List. Failure to participate in a networking/bidders conference will in no way relieve the Contractor from furnishing goods and/or services required in accordance with these specifications, terms and conditions. Attendance at a networking/bidders conference is highly recommended but is not mandatory.

Attendance at the bidder's conference is mandatory.