

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Item 12

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Approval of Amendments to Task Orders of the SMUD Professional Services Agreement

Date: April 11, 2019

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**RECOMMENDATION:** Adopt a resolution authorizing the Interim General Manager to sign Amendment 8 to Task Order 4 (operational staff services), Amendment 9 to Task Order 3 (wholesale energy services), and Amendment 10 to Task Order 2 (data management and call center services).

### **BACKGROUND AND ANALYSIS:**

On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) and Task Orders 1 and 2 to provide program launch and operational services. Soon thereafter, a series of additional Task Orders were implemented to the Agreement, including Task Order 3 to provide Wholesale Energy Services and Task Order 4 to provide Operational Staff Services to VCE.

As VCE progresses into Fiscal Year (FY) 2019/2020 additional projects are anticipated and costs will need to be budgeted in the operational budget. The attached Amendments reflect those projects and costs and are summarized below.

#### Task Order 4 (Operational Staff Services):

Amendment 8 to SMUD agreement Task Order 4 (operational services staff) extends dedicated operational staff, including the Director of Finance and Operations and Director of Customer Care and Communications, as well as the Power Director through June 30, 2020, in alignment with VCE's fiscal year. The fixed fee for the dedicated operational staff is increased to \$255,000 each, effective July 1, 2019. Finally, the term and termination section is updated to reduce VCE's notification requirement from 60 days to 30 days should VCE choose to terminate one or more of the dedicated operational staff. This reduced notification period provides for more rapid financial flexibility for VCE, should the financial outlook change.

#### Task Order 3 (Wholesale Energy Services):

Amendment 9 to SMUD agreement Task Order 3 (wholesale energy services) is for SMUD to develop the 2020 update to VCE's Integrated Resource Plan. In accordance with SMUD's

original proposal, each biannual IRP update will be provided for \$50,000 fixed fee. This task order amendment authorizes the work to produce the 2020 IRP update, including dialog with VCE team to develop study scenarios and assumptions, attendance at CAC meetings to review the scope and preliminary results with the CAC and the public, preparation of the IRP report for submission to the CPUC, and providing any corrections to the 2020 IRP necessary to ensure that the report is certified by the CPUC.

#### Task Order 2 (Data Management and Call Center Services):

Amendment 10 to SMUD agreement Task Order 2 (data management and call center services) adds detail to the invoice methodology in the Compensation for Services section. SMUD is updating the methodology to calculate the monthly customer meter count, supporting the original compensation definition of “a fixed monthly fee per customer meter enrolled in Program service.” The refined methodology eliminates meter count duplication during move activity, where the use of distinct customer identification number (DA Xref) had counted two customers whenever an existing customer moved out and a new customer moved into a premise during the same month. The updated methodology is applicable through all time and has resulted in a credit back to VCE on the February invoice for updated meter counts on the June 2018 through January 2019 invoices.

**Financial Impact:** The staffing costs identified in Amendment 8 to Task Order 4 are effective July 1, 2019 and will be budgeted in VCE’s FY2019/2020 operational budget. The invoicing methodology identified in Amendment 10 is consistent with VCE’s current FY2018/2019 operational budget and will also be budgeted in the FY2019/2020 operational budget.

The \$50,000 fixed fee and deliverables schedule identified in Amendment 9 to Task Order 3 (wholesale energy services) crosses fiscal years 2018/2019 and 2019/2020, adding an average monthly expenditure of \$4,000. Although not specifically budgeted within the FY18/19 operating budget, there are some savings in other SMUD Task Order categories to cover the additional monthly cost. Lastly, the anticipated costs will be budget in the FY2019/2020 draft operating budget, which will be presented to the Board for approval at the June 13, 2019 meeting.

#### **CONCLUSION**

Staff is recommending the VCE Board adopt the attached resolution authorizing the Interim General Manager to approve and sign Amendment 8 to Task Order 4, Amendment 9 to Task Order 3, and Amendment 10 to Task Order 2 in substantially the same form as attached.

#### **Attachments**

1. Resolution Authorizing Interim General Manager to sign Amendments 8, 9 and 10 to the VCE-SMUD Professional Services Agreement
2. Amendment 8 to Task Order 4 (Operational Staff)
3. Amendment 9 to Task Order 3 (Wholesale Energy Services)
4. Amendment 10 to Task Order 2 (Data Management and Call Center Services)

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2019-\_\_\_**

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT 8 TO TASK ORDER 4, AMENDMENT 9 TO TASK ORDER 3, AND AMENDMENT 10 TO TASK ORDER 2 TO THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT PROFESSIONAL SERVICES AGREEMENT**

**WHEREAS**, the Valley Clean Energy Alliance (“VCEA”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), and the City of Woodland (“City”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

**WHEREAS**, on August 31, 2017, the VCEA Board considered a proposal by the Sacramento Municipal Utilities District (“SMUD”) to provide program launch and operational services and subsequently directed VCEA staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board;

**WHEREAS**, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCEA to provide CCA support services;

**WHEREAS**, On October 12, 2017 the VCEA Board approved the Master Professional Services Agreement and Task Order 1 and Task Order 2 to provide program launch and operational services consistent with the SMUD proposal and VCEA Board direction;

**WHEREAS**, On November 16, 2017 the VCEA Board approved Task Order 3 to provide Wholesale Energy Services consistent with the SMUD proposal and VCEA Board direction;

**WHEREAS**, on December 12, 2017, the VCEA Board approved Task Order 4 to provide Operational Staff Services to VCEA for program launch and operations;

**WHEREAS**, on May 10, 2018, the VCEA Board approved Task Order 5 to provide long term renewable procurement services;

**WHEREAS**, Task Order 4 was set to expire February 28, 2019 and Interim General Manager Mitch Sears signed Amendment 7 to Task Order 4 extending the term to June 30, 2019;

**WHEREAS**, Amendment 8 to Task Order 4 (operational services) 1) extends dedicated operational staff and the Power Director through June 30, 2020 as outlined in Sub-section 4.1.1,

2) replaces sub-section 4.2.1 term and termination notification, and 3) increases the fixed fee for operational staff effective July 1, 2019;

**WHEREAS**, Amendment 9 to Task Order 3 (wholesale energy services) adds Section 1.6 “2020 Update to VCEA’s Integrated Resource Plan”, outlines deliverables, and compensation for services in the fixed fee amount of \$50,000;

**WHEREAS**, Amendment 10 to Task Order 2 (data management and call center services) adds detail to SMUD’s invoicing methodologies in the Compensation for Services section. .

**NOW, THEREFORE**, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. authorizes VCEA Interim General Manager to sign the following Amendments to the SMUD Professional Services Agreement:
  - A) Amendment 8 to Task Order 4 (Operational Staff);
  - B) Amendment 9 to Task Order 3 (Wholesale Energy Services); and,
  - C) Amendment 10 to Task Order 2 (Data Management and Call Center Services).

ADOPTED, this \_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Tom Stallard, VCEA Chair

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Alisa M. Lembke, VCEA Board Secretary

EXHIBIT A - Amendment 8 to Master Professional Services Agreement Task Order 4  
Amendment 9 to Master Professional Services Agreement Task Order 3  
Amendment 10 to Master Professional Services Agreement Task Order 2

**EXHIBIT A**

**AMENDMENT 8 TO TASK ORDER 4 (OPERATIONAL STAFF)**

**AMENDMENT 9 TO TASK ORDER 3 (WHOLESALE ENERGY SERVICES)**

**AMENDMENT 10 TO TASK ORDER 2 (DATA MANAGEMENT AND CALL CENTER SERVICES)**

## **AMENDMENT 8 TO EXHIBIT A: Scope of Services**

### **A.4 Task Order 4 – Operational Staff Services**

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 8 to Exhibit A, Task Order No. 4 (Amendment 8), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 8 conflict with any general provisions in the Agreement or Task Order 4, the provisions of this Amendment 8, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 8 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 4:

**A. Amend Section 4.1, Term of Task Order 4. Sub-section 4.1.1, Dedicated Operational Staff, Title and Paragraph 1, are deleted and replaced with the following:**

**“4.1.1, Dedicated Operational Staff and Power Director**

Notwithstanding Section 4.1, Term of Task Order 4, SMUD will assign dedicated operational staff as described in Section 1.1 of this Task Order 4 for Finance and Operations and Customer Care and Communications to be available onsite at VCEA offices. SMUD will also provide the services of the Power Director as described in Amendment 5 to Exhibit A. SMUD will provide the dedicated operational staff and the Power Director through June 30, 2020. The Parties may mutually agree to extend or modify any portion of the operational staff services or the Power Director as provided in Section 4.2.1 of Task Order No. 4.”

**B. Amend Section 4.2, Term and Termination. Sub-section 4.2.1, Term and Termination, Paragraph 1 is deleted and replaced with the following:**

“In the event that VCEA chooses to terminate the use of one or more of the dedicated operational staff as described in Section 1.1, or the Power Director as described in Amendment 5 to Exhibit A, prior to the end of the term in Section **Error! Reference source not found.**, VCEA will provide SMUD with no less than thirty (30) days advance notice in writing and will pay SMUD for the monthly prorated fees attributable to the terminated dedicated operational staff or Power Director incurred to the date of termination. Such fees shall be due and payable thirty (30) calendar days after the date of invoice by SMUD to VCEA. Any employee badges, keys, and other hardware and/or equipment provided to SMUD staff by VCEA, will be returned to VCEA within fifteen (15) days of Termination.”

**C. Amend Section 5, Compensation for Services. Sub-section 5.1 Dedicated Operational Staff is revised to update the pricing as follows:**

“Dedicated operational staff will be provided at the following fixed annual fee, to be billed monthly, in arrears, to VCEA. The Fixed Fee below is effective beginning July 1, 2019, and will remain effective until otherwise mutually agreed in writing by the Parties.

<b>Dedicated Operational Staff</b>	<b>Fixed Fee</b>
Finance and Internal Operations	\$255,000
Marketing & Customer Care	\$255,000

**SIGNATURES**

The Parties have executed this Amendment 8, and it is effective as of the date of last signature below.

**Valley Clean Energy Alliance**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Approved as to Form:** \_\_\_\_\_

**Sacramento Municipal Utility District**

**By:** \_\_\_\_\_

**Name:** Arlen Orchard

**Title:** Chief Executive Officer and General Manager

**Date:** \_\_\_\_\_

**Approved as to Form:** \_\_\_\_\_

**AMENDMENT 9 TO EXHIBIT A: Scope of Services**

**A.4 Task Order 3 – Wholesale Energy Services**

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 9 to Exhibit A, Task Order No. 3 (Amendment 9), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 9 conflict with any general provisions in the Agreement or Task Order 3, the provisions of this Amendment 9, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 9 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 3:

**A. Add Section 1.16, 2020 Update to VCEA’s Integrated Resource Plan**

“SMUD will update VCEA’s initial Integrated Resource Plan (“IRP”) consistent with the requirements of the Clean Energy and Pollution Reduction Act of 2015 (“SB350”) and California Public Utilities Commission regulations implementing the act, mainly through its rulemaking proceeding 16-02-007, which requires load serving entity with annual electricity consumption exceeding 700 gigawatt hours per year, to prepare an IRP in compliance with CPUC guidelines and regulations, and submit it to the CPUC for certification every two years SMUD services under this task will include the preparation of VCEA’s 2020 IRP submission.

<b>Task</b>	<b>Estimated Timing</b>
Monitor the CPUC for their ruling on IRP scope related to schedule and data required for the updated IRP.	February – March 2019
Monitor and cover CPUC meetings and workshops regarding IRP modeling and data as needed	March – October 2019
Kick Off 2020 IRP with VCE/SMUD scoping meeting	September 2019
VCE Board Introduction of IRP update – discussion of scope and opportunity for input	November 2019



CAC and Public meeting on IRP scope and proposed scenarios and issues covered	December 2019
Decide scope with VCEA management and undertake modeling using publicly available data from the CPUC and other sources, including the CPUC IRP RESOLVE database set up for the 2020 IRP process	December 2019
Board discussion of preliminary results and recommendations and opportunity for Board feedback and public inputs <ul style="list-style-type: none"> <li>• Prepare results and presentation</li> <li>• Draft report with key results and discussions based on Board recommendations</li> </ul>	February 2020
Board adoption of IRP	April 2020
Submission of final IRP by VCE to CPUC	May 1, 2020
Make updates to IRP until certified by CPUC, if applicable	As needed

Deliverables:

1. Attend two CAC meetings for review and discussion with CAC and the public on scope of the IRP and of its preliminary results
2. Attend two VCE Board meetings to present study scope and findings in order to facilitate approval
3. Prepare IRP report for submission to the CPUC based on publicly available data and the CPUC RESOLVE model and databases available to LSEs for preparing IRPs
4. Participating in meetings and conference calls with VCE team as needed to develop study scenarios and assumptions as well as presentation of results in power point presentations and IRP report
5. Provide any corrections to the 2020 IRP necessary to ensure that the report is certified by the CPUC.”

**B. AMEND SECTION 4, *COMPENSATION FOR SERVICES*, to add Section 4.4, *2020 Update to VCEA’s Integrated Resource Plan***

“The services described in Section 1.15, *2020 Update to the VCEA’s Integrated Resource Plan*, due for completion and submission to the CPUC on May 1, 2020, will be provided for a fixed fee of \$50,000.”

**(Signature Page follows)**

**SIGNATURES**

The Parties have executed this Amendment 9, and it is effective as of the date of last signature below.

**Valley Clean Energy Alliance**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Approved as to Form:** \_\_\_\_\_

**Sacramento Municipal Utility District**

**By:** \_\_\_\_\_

**Name:** Arlen Orchard

**Title:** Chief Executive Officer and General Manager

**Date:** \_\_\_\_\_

**Approved as to Form:** \_\_\_\_\_

## **AMENDMENT 10 TO EXHIBIT A: Scope of Services**

### **A.4 Task Order 2 – Data Management and Call Center Services**

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 10 to Exhibit A, Task Order No. 2 (Amendment 10), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 10 conflict with any general provisions in the Agreement or Task Order 2, or any preceding Amendments to Task Order 2, the provisions of this Amendment 10, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or an Amendment thereof.

The Effective Date of this Amendment 10 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 2:

**A. Section 4, COMPENSATION FOR SERVICES, subsection 4.1., Data Management and Call Center Services, is amended to add subsection 4.1.1. Invoicing Methodology, as follows:**

**“4.1.1. Invoicing Methodology**

The following methodology will be utilized to calculate the total number of customer meters enrolled in Program service.

SMUD will:

1. Identify customers from the 4013 that have been entered into the CRM system and have an ‘opt in’ enrollment date range that is current
2. Filter that list to include customers that are also listed on the corresponding 814 File
3. Replace the DA\_Xref with the associated SP\_ID
4. Calculate the enrollment date ranges in the month
5. Use the total number of distinct SP\_IDs from the date range query results to calculate the total number of customer meters enrolled in VCEA Program service”

**(Signature Page follows)**

**SIGNATURES**

The Parties have executed this Amendment 10, and it is effective as of the date of last signature below.

**Valley Clean Energy Alliance**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Approved as  
to Form:** \_\_\_\_\_

**Sacramento Municipal Utility District**

**By:** \_\_\_\_\_

**Name:** Arlen Orchard

**Title:** Chief Executive Officer and General Manager

**Date:** \_\_\_\_\_

**Approved as  
to Form:** \_\_\_\_\_