



Agenda Report

21-1224

Agenda Date: 1/12/2021

REPORT TO COUNCIL

SUBJECT

Action on a Professional Services Agreement Between Northern California Power Agency and the Cities of Palo Alto and Santa Clara for Consulting Services Related to Electric Transmission, Power Generation, Regulatory and Electric Market Design

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara and its Electric Department, Silicon Valley Power (SVP), participate in the California energy industry and are subject to regular changes in regulation and market requirements developed by the California Independent System Operator (CAISO), California Energy Commission (CEC) and other agencies that can have large impacts on customer rates and reliability. In order to analyze these changes and to make effective and appropriate comments, SVP has contracted with Northern California Power Agency (NCPA) to obtain the assistance of industry transmission experts. The Cities of Santa Clara and Palo Alto jointly contracts with NCPA as the Bay Area Municipal Transmission (BAMx) participants and NCPA contracts with the appropriate industry experts to provide the services. The BAMx participants have been contracting out these services for the last 17 years. The current contract is set to expire on December 31, 2020.

NCPA sent out a Request for Proposals (RFP) to find the appropriate consultant to provide such services. Of the two responding entities, NCPA found that Flynn Resources Consultant Inc. (Flynn RCI) was the most responsive to the request, as well as being highly experienced and qualified to provide the necessary services. These services include monitoring CAISO and PG&E transmission planning activities, analyzing specific cost impacts, meeting participation, coordinating with affected or other parties, and, as necessary, preparing formal position submittals to the CAISO, CEC and other parties on transmission and grid planning issues.

DISCUSSION

Approval of this Professional Services Agreement will allow for ongoing representation in forums related to California and Bay Area specific Transmission and grid planning. Without this input and assistance, changes in regulations and markets made by the CAISO, CEC and other industry agencies could have costly impacts on SVP electric customers and their rates.

After negotiating with Flynn RCI, the parties tentatively agreed to a 5-year term with labor rates fixed at their current level throughout the term of the agreement. SVP's portion of the total compensation shall not exceed \$2,465,625 and the annual SVP expenditure will be capped at \$493,125. SVP's portion of the agreement is 75% of the total contract amount with Palo Alto paying the remaining 25%.

This recommendation is pursuant to Section 2.105.290(b)(3) of the Santa Clara Purchasing Code that exempts the City from conducting its own bidding process as follows: "Direct purchases from vendors on terms obtained pursuant to formal bidding processes that name the City either specifically or categorically as a third party beneficiary of the bidding process or in the case where the vendor agrees to extend such participation to the City."

ENVIRONMENTAL REVIEW

The actions being considered do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

The cost to SVP for services under the proposed agreement shall not exceed \$493,125 annually for a total not to exceed amount of \$2,465,625 over a five (5) year term. Sufficient funds are available in the FY 2020/21 Electric Utility Operating Fund. Funding in the out years is subject to budget appropriations and will be incorporated into the budget development process for those years.

The not-to-exceed amount of the proposed agreement annually is \$657,500 for a total maximum compensation of \$3,287,500 over the five-year term ending on December 31, 2025. SVP is responsible for 75% of the total compensation and the City of Palo Alto is responsible for 25%.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Authorize the City Manager to execute the Professional Services Agreement between Northern California Power Agency and the Cities of Palo Alto and Santa Clara (the "Bay Area Municipal Transmission Services Agreement" or "BAMx Agreement") in an amount not to exceed \$493,125 annually for a total not to exceed amount of \$2,465,625 over the five year term of the agreement.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Professional Service Agreement with Northern California Power Agency