




Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL


David W. Hanson (Sep 26, 2024 13:26 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System


Aram Benyamin (Sep 26, 2024 14:33 MDT)

ARAM BENYAMIN
Chief Operating Officer



JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 19, 2024

SUBJECT: Amendment No. 2 to Agreement No. 47573 for Energy Imbalance
Market Meter Data Management System Solution and Support
Services with Power Costs, Inc.

SUMMARY

The proposed Amendment No. 2 (Amendment) to Agreement No. 47573 (Agreement) with Power Costs, Inc (PCI) is to add scope, extend the term of the Agreement by three years with two one-year extension options for a total term of up to ten years (anticipated expiration date of November 2029) and increase the not-to-exceed amount by \$2,061,982, including 15 percent contingency, from \$2,317,089 to \$4,379,071 (budgeted). All other terms and conditions remain the same.

The Amendment will provide continued technical support services, including software updates and upgrades, hosting, and maintenance required for continuous participation in the Energy Imbalance Market (EIM). The Amendment will also include hosting service storage and additional software options for Meter Data Management System (MDMS) services to load serving entities (LSE) within LADWP's Balancing Authority Area. This will allow LSEs to participate in EIM with opportunities for future market expansion. MDMS is used as the official LADWP source of records for meter and meter-related information as well as custom calculations (e.g. system load). Providing these services to our LSE will help automate and modernize participation in EIM offering a practical route to explore the possibility of engaging in other California Independent System Operator (CAISO) market initiatives and enhancements.

City Council approval is required in accordance with Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending the City Council's approval of the Amendment to the Agreement with PCI as required in Charter Section 373.

ALTERNATIVES CONSIDERED

There are no viable alternatives, as PCI is the sole provider of the expanded functionality for its proprietary software previously purchased under a competitive solicitation. All functional EIM upgrades and updates for MDMS must come from PCI. Procuring a new software with a new Request for Proposal (RFP) is not cost effective and feasible, as a new system design would need to be created before integrating and implementing the new software, which also require testing and training LADWP staff to use the new software.

FINANCIAL INFORMATION

The Amendment will extend the term of the Agreement by three years with two one-year extension options, for a total term of 10 years, and increase the not-to-exceed amount by \$2,061,982, from \$2,317,089 to \$4,379,071 (budgeted). A breakdown of the Agreement amount and contingency for the Agreement, also including use of contingency through Change Orders, is provided below.

	Original Maximum Expenditure	Change Order Nos. 1, 2, and 3	Amendment No. 1	Change Order Nos. 4 and 5	Requested Amendment No. 2	Amended Maximum Expenditure
Agreement Amount	\$1,606,985	\$108,240	\$407,875	\$49,200	\$1,793,027	\$3,965,327
Contingency (~15%)	\$241,048	-\$108,240	\$61,181	-\$49,200	\$268,955	\$413,744
Not-to- Exceed Amount	\$1,848,033	--	\$469,056	--	\$2,061,982	\$4,379,071

BACKGROUND

The EIM MDMS is used to perform many tasks that are essential to EIM participation, including automating LADWP's processes for system transactions and interfaces with CAISO systems. The MDMS system is capable of exchanging information with other EIM related systems, including system load, Variable Energy Resources (VER) generation estimates, and other information that affect base schedule optimization.

EIM is a regional operating model by which balancing authorities in the western states can voluntarily participate in CAISO's five-minute real-time wholesale energy market. EIM's advanced market systems automatically find the lowest cost energy to serve real-time customer demand across a wide geographic area. LADWP will maintain control over their assets and remain responsible for balancing load with generation and all other balancing authority requirements while sharing resources with other EIM participants.

A key advantage from pooling resources allows VER or renewables such as wind and solar in the broader market to have less volatility. This results in less VER curtailments, which in turn correlates with less greenhouse gas emission through the diversity of energy resources over the larger geographical market footprint.

In 2017, the Board and the City Council approved the EIM Implementation Agreement with CAISO. On November 5, 2019, the Board approved Resolution No. 020 074, authorizing award of the Agreement to PCI for a term of three years, as a result of a competitive solicitation process, under RFP No. 90493. The Agreement allowed LADWP to procure the EIM MDMS, which is the third EIM software procurement among the following list of EIM software procurements required for entrance into CAISO EIM.

- Agreement No. 47565: EIM Merchant and Entity Settlement and Transmission Billing Systems
- Agreement No. 47577: EIM Merchant Bidding and Scheduling System
- Agreement No. 47573: EIM Meter Data Management System Solution and Support Services
- Agreement No. 47595: EIM Variable Energy Resource Forecasting Services

In April 2021, LADWP, operating as a Balancing Authority, successfully joined EIM. On May 24, 2022, the Board adopted Resolution No. 022 198, authorizing Amendment No. 1 to the Agreement for additional fund and two one-year extension options. MDMS collects data from LADWP meters, relational databases, and files, where the data will be imported, validated, and cleansed.

PCI has performed satisfactorily under the current agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report was approved on August 30, 2024.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to CEQA guidelines 15060 (c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states the creation of government funding mechanisms or other government fiscal activities which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment

do not meet that definition. Therefore, the amendment of an agreement for technical support services for EIM MDMS is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Amendment and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment
- CAO Report

PROCUREMENT SUMMARY

1.	Recommended Vendor(s): Power Costs Inc. (PCI)
2.	Procurement Type: Amendment
3.	Procurement Details: A. Contract Status: Amendment No. 2 B. Bid Advertisement Date: N/A C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: N/A E. Number of Downloads of Solicitation: N/A F. Number of Proposals Received: N/A G. Protest Received: N/A
4.	Buyer Assigned: Carlos Aguilar
5.	Contract Administrator: Erick Gallegos
6.	LADWP System/Division: Power System / Fuel and Purchased Power
7.	Contact Person for Item: Erick Gallegos

A. Evaluation Rating Summary of Proposals

Not applicable to the Amendment.

B. Evaluation of Amendment

Prices for Years 6 to 10 with a five percent per year escalation are determined fair and reasonable based on prices established about five years ago and input from LADWP subject matter experts and the United States Bureau of Labor Statistics Consumer Price Index.

C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47577	Power Costs, Inc.	5 years	11/19/19	11/19/24	\$2,317,089

Vendor Experience – Number of Contracts PCI had with LADWP During the Past 10 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47577	Merchant Bidding and Scheduling System	5 years	11/18/19	11/18/24	\$8,541,860
47573	Meter Data Management System	5 years	11/19/19	11/19/24	\$2,317,089
49488	Enhancement of Generation Economic Modeling Software	1 year	11/26/18	11/25/19	\$150,000
47284	Maintenance, Support, Training and Consulting Services for PCI Software	3 year	12/10/14	12/09/17	\$2,134,290

D. Local Business Preference Program (LBPP)

Not applicable to Amendment.

E. Additional Outreach Efforts Taken

Not applicable to Amendment.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Subcontracting Participation

There were no subcontracting opportunities identified under this Agreement; however, PCI was encouraged to utilize SBE, DVBE, MBE, and WBE, and other firms where feasible.