



RESOLUTION NO. _____

BOARD LETTER APPROVAL


David W. Hanson (Aug 27, 2024 13:14 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System


Aram Benyamin (Aug 27, 2024 13:23 PDT)

ARAM BENYAMIN
Chief Operating Officer



JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: August 26, 2024

SUBJECT: Amendment No. 2 to Agreement No. 47565 for Energy Imbalance Market Merchant and Entity Settlement and Transmission Billing Systems with Power Settlements Consulting and Software, LLC

SUMMARY

The proposed Amendment No. 2 (Amendment) to Agreement No. 47565 (Agreement) with Power Settlements Consulting and Software, LLC (Power Settlements) is to add scope, extend the term of the Agreement by an additional three years with two one-year extension options for a total term of up to ten years (anticipated contract termination date of October 2029), and increase the not-to-exceed amount by \$5,959,710 from \$3,909,230 to \$9,868,940 (budgeted), including contingency. This contract was originally the result of a competitive solicitation (Request for Proposal [RFP] 90478).

The Amendment will include additional new software options for settlement and transmission billing services to load serving entities (LSE) within LADWP's Balancing Authority Area (BAA). The Amendment will also continue hosting, software maintenance, and technical support services, and provide additional services for LSE with BAA and potential enhancements, modifications, and adaptability to new market opportunities while supporting LADWP's continued participation in the Energy Imbalance Market (EIM) Merchant. This will allow LSEs to participate in EIM with opportunities for future market expansion. 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 City Council’s approval of the Amendment to the Agreement with Power Settlements as required in Charter Section 373.

ALTERNATIVES CONSIDERED

There are no viable alternatives. Power Settlements is the sole provider of this proprietary software previously purchased under competitive solicitation. All functional EIM upgrades and updates must come from Power Settlements. Therefore, a new solicitation would not be practical when the current software is still usable for many years nor would it be cost effective to procure a new system to design, test, integrate and implement the new software, which also requires training LADWP staff to use the new software. Amending the Agreement is the most desirable option.

FINANCIAL INFORMATION

The proposed Amendment will extend the term of the Agreement by an additional three years with two one-year extension options, for a total term of up to 10 years, and increase the not-to-exceed amount by \$5,959,710, from \$3,909,230 to \$9,868,940 (budgeted).

	Original Maximum Expenditure	Requested Amendment No. 1	Requested Amendment No. 2	Amended Maximum Expenditure
Agreement Amount	\$2,520,374	\$1,010,800	\$5,959,710	\$9,490,884
Contingency (15 percent)	\$ 378,056	\$0	\$0	\$378,056
Not-to-Exceed Amount	\$2,898,430	\$1,010,800	\$5,959,710	\$9,868,940

BACKGROUND

The EIM Merchant and Entity Settlement and Transmission Billing Systems (Systems) are critical functions performed by the Open Access Same-Time Information System and the Energy Reconciliation groups that are part of the Power System’s Energy Control Center. The Systems automate LADWP’s processes for EIM energy and transmission system transactions and provide an interface with CAISO systems. Additionally, they allow for an efficient method for reviewing, disputing, and approving settlement charges.

In 2017, the Board and the City Council approved the EIM Implementation Agreement with CAISO in an effort to attain the lowest cost energy to serve real-time customer demand, while sharing resource with participating entities in the western states.

On September 24, 2019, the Board approved Resolution No. 020 050, awarding the Agreement to Power Settlements as a result of a competitive solicitation process under RFP No. 90478 for a term of three years. The Agreement allowed LADWP to procure the Systems, which are the first EIM software procurements 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

On April 1, 2021, LADWP joined the CAISO EIM as a Balancing Authority. On September 13, 2022, the Board approved Resolution No. 023 046, authorizing Amendment No. 1 to the Agreement for two one-year extension options.

Power Settlements has performed satisfactorily under the current agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report has been received on August 2, 2024.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 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)(2) states that continuing administrative or maintenance activities, such as amendments to existing contracts, do not meet that definition. Therefore, the award of a contract amendment for EIM Systems with Power Settlements Consulting and Software, LLC 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 Settlements Consulting and Software, LLC
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: (Yes/No) N/A
4.	Buyer Assigned: Richard Francisco
5.	Contract Administrator: Patrick Borricano
6.	LADWP System/Division: Power System / Power External Energy Resources
7.	Contact Person for Item: Patrick Borricano / Jaime Pinedo

A. Evaluation Rating Summary of Proposals

Not applicable to the Amendment.

B. Evaluation of Amendment

Power Settlements have not increased their pricing for software and related technical support and maintenance services, including software updates, upgrades, and hosting fees since the inception of the contract in 2019. The average Consumer Price Index from 2019 to 2023 have increased an average of 10 percent per year. Pricing for additional years 6-10 has been determined to be fair and reasonable based on historical costs, current market trends, and increasing Consumer Price Indexes.

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
47565	Power Settlements Consulting and Software, LLC	5 years	10/9/2019	10/8/2024	\$3,909,230

Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 10 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47565	Energy Imbalance Market (EIM) Merchant and Entity Settlements and Transmission Billing Systems	5 years	10/9/2019	10/8/2024	\$3,909,230

D. Local Business Preference Program

Not applicable to the Amendment.

E. Additional Outreach Efforts Taken

Not applicable to the Amendment.

F. Small Business Enterprises/Disabled Veterans Business Enterprises/Minority Business Enterprises/Women Business Enterprises/Other Business Enterprises Subcontracting Participation

Not applicable to the Amendment.