



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: February 14, 2018

Approved

Date

2/16/18

SUBJECT: SERVICE AGREEMENT WITH CALPINE ENERGY SOLUTIONS, LLC FOR DATA MANAGEMENT AND CALL CENTER SERVICES FOR SAN JOSE CLEAN ENERGY

RECOMMENDATION

Approve the Professional Services Agreement for Data Management and Customer Call Center Services (“Agreement”) with Calpine Energy Solutions, LLC for San José Clean Energy for a period of two years from the date of execution in an amount not to exceed \$5,783,800, and up to two one-year agreement extension options, each for an additional \$4,950,000 for a total contract amount not to exceed \$15,683,800, with no expenditure of funds in 2017-2018 and subject to appropriation of funds in 2018-2019 and subsequent fiscal years.

OUTCOME

Approving the Agreement with Calpine Energy Solutions, LLC (“Calpine”) to provide data management and call center services for San José Clean Energy (“SJCE”) will enable SJCE to prepare for the launching of service in Summer of 2018.

BACKGROUND

On August 8, 2017, staff released a Request for Proposals (RFP) for San José Clean Energy (SJCE) Data Management and Customer Call Center Services to begin the procurement process. The RFP included the following scope of work: data management and security, reporting functions, management of a customer information system and call center, billing administration, and coordination with Pacific Gas and Electric.

At the August 29, 2017 City Council meeting, Council established the SJCE Operating Fund. The funding strategy included funds for contractual services, including data management and customer call center services.

ANALYSIS

Six firms responded to the RFP for SJCE Data Management and Customer Call Center Services and Calpine scored significantly higher than any other firm (see Table 1, RFP Scoring Summary).

Table 1 – RFP Scoring Summary

		Expertise	Experience	Approach	Cost	Local Business Preference	Small Business Preference	TOTAL
1	Calpine Energy Solutions, LLC	18	20	18	12	5	0	73
2	Inenergis LLC	13	13	10	15	5	5	61
3	EDMS, LLC	11	12	13	13	5	5	59
4	GridX, Inc	14	15	12	12	0	0	53
5	Executive Energy Management	13	12	10	15	0	0	50
6	BIT International	7	5	5	0	0	0	17

Staff released the final notice selecting Calpine on October 16, 2017, and did not receive any protests. Calpine will bring a wealth of expertise and experience in providing the required scope of work detailed in the RFP. They currently serve other operational Community Choice Energy Programs in California including: Marin Clean Energy, Sonoma Clean Power, Lancaster Choice Energy, CleanPowerSF, Peninsula Clean Energy, and Silicon Valley Clean Energy. Staff negotiated the Calpine Agreement which is in alignment, in terms of cost and scope of services, with other operational Community Energy programs. The Calpine Agreement will provide SJCE with the necessary technical expertise and support required for start-up and continuous program operation.

EVALUATION AND FOLLOW-UP

On January 30, 2018, staff provided a status update on the SJCE program and stated that staff would follow-up with a recommendation to approve the Customer Service, Data, and Billing Management Contract in February. This contract is an important step in ensuring the successful launch of the program. Approval of this contract will allow the data testing to begin which is expected to take 6 months and will allow us to successfully launch the program in the Summer of 2018.

Staff will continue to provide updates on the progress of the program. In March staff expects to bring forward for Council Consideration the California Independent System Operator (CAISO) Scheduling, Forecasting, and Portfolio Management and Optimization services contract. Executing this contract is a key step in preparing for the launch of the program. It will allow us to comply with important CAISO and other regulatory requirements to support serving customers.

In the spring, staff expects to bring several additional items to the City Council and to the Clean Energy Advisory Commission for consideration including the Risk Management Policy, Energy Supply Contracts, and Customer Rates.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the February 27, 2018 City Council meeting.

COORDINATION

This memorandum has been coordinated with the Environmental Services Department, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

There is no commission recommendation or input associated with this action.

FISCAL/POLICY ALIGNMENT

The recommended actions support the City's 2017 Green Vision (Goals 2 and 3) and the Envision San José 2040 General Plan (Goal MS-2 and Appendix 8: GHG Reduction Strategy).

COST SUMMARY/IMPLICATIONS

City Council approved the establishment of the Community Energy Department in the SJCE Fund at the August 29, 2017 Council meeting. The 2017-2018 Non-Personal/Equipment appropriation in the SJCE Fund includes funding (\$400,000) for contractual services, such as the data management and call center services. Due to the timing of the Phase 1 program launch in early September of 2018, SJCE will not make any payment under this contract in fiscal year 2017-2018.

SJCE expects to serve Phase 1 customers starting in September of 2018. **The cost of the services under this agreement are \$1.10 per meter per month.** The City's monthly payment obligation is limited to the number of active customer accounts (meters) enrolled in SJCE service within the month. In no event will the City be responsible for any payment obligations for accounts that are not Active Customer Accounts (meters). An "Active Customer Account" is defined in the

contract as a PG&E service account that has received energy supplied by SJCE (post-launch) within a particular month.

It is expected that SJCE will serve approximately 2,000 meters under Phase 1 of the program. **The costs associated with these services are expected to be \$2,200 per month or \$8,800** for the months of September through December of 2018. At full operation (including Phase I, II, and III), SJCE expects to serve approximately 350,000 accounts. The maximum amount payable under this contract (\$5,783,800) was calculated based on the Phase 1 costs described above and serving a maximum of 375,000 customer accounts at full operation. This estimate includes some contingency in the accounts SJCE expects to serve.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Current Year Appn	Recommended Budget Action	2017-2018 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
501	0782	Non-Personal /Equipment	\$2,558,000	\$0	N/A	8/29/2017 Ord. 29988

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
 LORI MITCHELL
 Director, Community Energy Department

For questions, please contact Lori Mitchell, Director of Community Energy Department, at (408) 535-4880