



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Request for Proposals for Energy Scheduling and Trading, Credit, Risk Management, Contract Management, Settlements, and Related Services

Request for Proposal Issue Date: September 25, 2017

Response Deadline: October 30, 2017

The Southern California Public Power Authority (SCPPA) is soliciting competitive proposals for energy scheduling and trading related services, as well as credit, risk management, contract management, CAISO settlements and counterparty check out services on behalf of its Member Utilities. Some of the members will only be interested in a subset of these services, so please provide respective pricing for each of the services accordingly.

I. Introduction

SCPPA, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the California Joint Exercise of Powers Act (California Government Code sec. 6500 et seq.) for the purpose of planning, financing, developing, acquiring, constructing, operating, and maintaining projects for the generation or transmission of electric energy. SCPPA also facilitates joint service contracts at the request of its members for the purposes of developing energy efficiency, demand response and resource procurement programs.

Membership of SCPPA consists of eleven cities and one irrigation district that supply electric energy within Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District.

SCPPA is governed by its Board of Directors, which consists of representatives from each of its Members. The management of SCPPA is under the direction of an Executive Director who is appointed by the Board.

Any service contract entered into by SCPPA pursuant to this request for proposal (RFP) would be utilized directly by the interested Members to serve their respective utility's needs. The service and work products will be ordered and approved directly by the Members and the billing may be administered through SCPPA or directly with respective Members.

II. Areas of Interest

Several SCPPA Members have expressed interest in front, middle and/or back office services related to energy (including power and/or natural gas commodity and transportation) portfolio management, scheduling, trading, credit, risk management, settlements and/or contract management to meet the needs of their municipalities.

The Services Provider is expected to perform all scheduling for load, resources and transactions on an hour-ahead/real-time and/or day-ahead basis. The Services Provider is expected to be a CAISO Scheduling Coordinator or be able to perform these services as an Agent on behalf of the SCPPA member.

The Services Provider is expected to demonstrate all skills, knowledge and ability necessary to perform as Scheduling Services Provider including any applicable certifications or licenses associated with the Scheduling Services or required by the CAISO, NERC or WECC. The Scheduling Services Provider is responsible for emergency operational actions as may be needed.

The Services Provider shall provide the following Services:

- CAISO Scheduling
 - 7-day per week day-ahead pre-scheduling services
 - 7 day, 24 hour real-time services
 - Non-Business Day real-time services
- WECC (non-CAISO) Scheduling
 - Business day day-ahead services
 - 7 day, 24 hour real-time services
 - Non-Business Day real-time services
- Bidding or self-scheduling into appropriate energy and ancillary services markets. The Services Provider is expected to implement and apply on a daily and hourly basis the selected bidding strategies to assure that generation and ancillary offers and load bids are submitted.
 - Scheduling. Services Provider shall submit to the CAISO and/or Balancing Authorities schedules and/or bids consistent with the CAISO's and/or Balancing Authorities' timelines as prescribed by their tariffs.
 - Final Schedules. Services Provider shall provide final confirmed day-ahead pre-schedules no later than 5:00 PM Pacific Prevailing Time the day prior to the day that electricity flows. Any changes to the pre-schedules shall be provided as soon as practicable, but no later than 8:00 AM Pacific Prevailing Time the next day.
 - OASIS and Other Pertinent Applications. Services Provider shall utilize applications (such as OASIS, OATI and ICE) to perform scheduling and procurement functions.
- Interacting with generating facilities to adjust generation as necessary consistent with reliability considerations and economic alternatives.
- Services Provider shall perform all services in a professional manner consistent with Good Industry Practices and Applicable Laws.
- Services Provider shall provide the CAISO, Balancing Authorities and/or Transmission Owners/Operators with all required notices and updates regarding generation facilities as required

by applicable procedures, requirements and standards. This includes information such as OMS outage requests, OMS Forced Outages, CAISO Forced Outage Reports, among other requirements.

- Services Provider shall be responsible for all tagging and checkout of schedules consistent with pertinent timelines.
- Services Provider shall be responsible for submitting data to appropriate Balancing Authorities to satisfy planning requirements.

Specific information about the areas of services is outlined below:

1. **Same Day Scheduling and Resource Management**

These services will be provided on a 24/7 basis. The services will include coordinating, forecasting, scheduling and accounting for utility power generation and transmission according to system demands; and to monitor, purchase, and sell power resources on a real-time basis to and from other utilities or other resources. An outline of expected services for this area is below.

- Provide 24/7 Real Time desk services
- Forecast and adjust load and power requirements hourly
- Validate the forecasted schedules against contracts and generate schedules
- Marketing of excess resources from over-estimated load forecasts or as market conditions warrant and under established guidelines
- Adjust Inc and Dec bid prices hourly to capture market opportunities
- Create and submit economic bids on various resources
- Perform unit substitutions for Resource Adequacy resources
- Perform re-optimization for Hour-Ahead market and dynamic scheduling of resources
- Download hourly PIRP forecast, adjust schedule, upload changes hourly to ISO
- Make hourly changes to intermittent resources and submit hourly changes to ISO
- Optimize use limited resources on a daily and hourly basis
- Forecast Intraday gas requirements for specified resources
- Submit Intraday gas schedules to scheduling agent(s)
- Manage several sub-SCID's that are associated with the main SCID
- Submit hourly and 15 minute schedules to California Independent System Operator (CAISO)
- Review Scheduling Infrastructure Business Rule (SIBR) to check status of schedules
- Procure transmission using webOASIS on a daily and hourly basis
- Generate & submit E-Tags on a daily and hourly basis
- Monitor real-time system conditions and generation utilizing meter data on a constant 24/7 basis
- Monitor SCADA load and temperature readings on a constant 24/7 basis
- Perform curtailments or adjustments as and when required
- Perform end-of -day check-out with counterparties
- Perform Energy Accounting (based on contracts/meter data) / Settlements
- Perform Transmission Accounting
- Verify (after the hour) actual, deviations and integrations
- Checkout with counterparties for daily /hourly transactions

- Must integrate with SCPPA scheduling software, SCADA

For Members with resources participating in CAISO ancillary service (A/S) or supplemental energy markets, these services will include recommending or submitting updated ancillary services and supplemental energy bids. Services will include monitoring and responding to CAISO dispatch instructions received through the CAISO's Automated Dispatch System (ADS) system that will be recorded for reference and communicated to the appropriate plant personnel. Appropriate plant response to CAISO instructions will also be monitored. Plant outage information will be submitted to the CAISO via the Outage Management System ("OMS").

2. **Day Ahead Scheduling and Resource Management**

These services will manage the Member's Day-Ahead (DA) scheduling and resource management requirements, including but not limited to the following:

- Forecasting electric load on a daily, weekly, and monthly basis for the electric utility's bulk power system
- Perform pre-scheduling functions including daily energy scheduling and trading, and submitting schedules and load forecasts to CAISO SIBR, prepare and submit economic bids on applicable resources.
- Plan the use of transmission facilities, electric generation resources, electric generation capacity, and wholesale power transactions to serve the bulk system load at the least possible cost
- Negotiate, monitor, and administer short term power supply contracts
- Monitor and analyze supply and demand contract requirements and make recommendations to management regarding strategies for maximizing the benefits of these contracts
- Calculate daily resource costs and provide daily electric and natural gas prices to real-time staff
- Ensure that generation resources and contracts are dispatched in economic order

3. **Daily gas scheduling and trading**

- Forecast Day-Ahead gas requirements for specified resources
- Execute and schedule intraday trades to maintain balancing of supply and gas burns within tolerance bands
- Submit Day-Ahead gas schedules to scheduling Southern California Gas Company and/or agent(s)

4. **Joint Resource Scheduling**

- Act as scheduling agent for projects that have multiple SCPPA participants. Accept energy schedules from projects and divide said schedules pro-rata into sub-schedules. Distribute sub-schedule to SCPPA participants on a daily and hourly basis.
- Scheduling procedures describe the details of pro-rata shares and alternate scheduling methods.

5. **Credit Services**

- Create customized credit policies for clients
- Analyze each counterparty credit worthiness, perform financial analysis and ratios and benchmark to industry ratios, and update each analysis at least annually
- Assign credit ratings, when necessary, to each counterparty

- Maintain credit files for each counterparty
- Recommend and establish credit limits for each counterparty
- Create daily credit exposure reports which are website accessible
- Monitor counterparty credit exposures
- Manage credit limit exceptions
- Negotiate credit thresholds for clients
- Obtain and renew credit enhancements
- Negotiate credit provisions as they may pertain to EEI contracts, ISDA agreements and NAESB agreements for clients
- Negotiate netting agreements
- Monitor bond spreads to assist in the credit evaluation process
- Follow default probabilities and credit default swaps to monitor credit
- Create credit “watch lists” that are distributed via email and posted to password protected website
- Participate in ISO/RTO Credit Working Groups
- Maintain daily contact with key industry participants to stay on top of issues
- Periodically send out pertinent industry news items to client
- Implement trading controls and provide trading control services
- Provide index and basis forward prices and volatilities for commodities and products including natural gas, RECs and power

6. **Risk Management Services**

- Provide forward prices and volatilities for natural gas, RECs and power
- Perform energy portfolio risk analysis including daily-value-at-risk, cash-flow-at-risk, earnings-at-risk, and value –at-risk
- Provide risk assessment input to the hedging program and transacting activities

7. **Contract Administration Services**

- Implement contractual controls
- Identify key contractual issues
- Ensure contracts are in place to facilitate trading
- Ensure trades are executed with proper legal entity and within available products
- Terminate duplicate contracts, if applicable
- Ensure existing contracts contain up-to-date credit provisions and adequate contractual provisions to minimize the client business risk
- Ensure assignments have been maintained for mergers and acquisitions
- Enter contracts into risk system to facilitate trading
- Generate reports, contractual products and provisions list, and custom reports as requested
- Monitor trade execution within contract(s)
- Draft damage claim notice letters, if necessary
- Analyze and summarize contract provisions
- Negotiate and secure replacement agreements, if necessary
- Negotiate EEI, GISB, NAESB and ISDA Agreements with future/potential counterparties
- Negotiate and facilitate Coal, Emissions, and Renewable Agreements with future and current counterparties
- Establish NYMEX Accounts, if requested

- Prepare Transmission Services Applications, if requested
- Coordinate with Credit Department to ensure adequate credit provisions within agreements
- Monitor, track, and provide notice of contract renewal and expiration dates
- Prepare contract amendments, if necessary
- Monitor contract performance and ensure adherence to contract terms and conditions

8. Back Office Settlement Services

- Settlements Service for Bilateral, Transmission, Gas, and Broker Transaction
- Settlement Service for ISO/RTO
- Provide related IT services
- Cybersecurity (protection/monitoring on client data, IT/OT systems used)

9. Reporting Services

- Standard Reporting
- Provide pre-defined and ad-hoc energy transaction reports including but not limited to Mark-to-Market, position report, credit exposures, transaction summary by commodity, monthly performance report (P/L) including breakdown by day-ahead, hour-ahead, 15-minute and/real-time markets, and daily checkout.
- Provide reports on risk policy and procedure manual compliance

III. Proposal Submission Required Elements

1. **Transmittal Letter:** A brief statement of the Respondent's understanding of the work to be done and commitment to perform the work as scheduled including a summary of exceptions taken to the request for proposal requirements, statement of work, specifications, and reference to any proposed contractual terms and conditions required by the Respondent. An officer authorized to bind must sign the proposal on behalf of the Respondent and must include the following declarations on the Transmittal Letter:

“This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposer has not directly or indirectly induced or solicited any other proposer to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.”

2. **Applicant Information:** Provide legal name of Company, Physical Street Address, E-mail address, Telephone, Name and Title of individuals authorized to represent the Respondent.
3. **Proposal:** Provide a description of the proposed services, how they meet each of the objectives of this request for proposals, a detailed description addressing all of the Areas of Interest, as well as any tasks, task elements, and/or functions that are not part of the proposal.
4. **Fees:** SCPA is interested in discovering the Respondent's capabilities and pricing to make an informed decision and proceed to more specific negotiations. Pricing should be made based on good faith estimates of the requirements defined in this request for proposals. Detail specific examples or estimates of the fees. Describe how the fees will be determined. Prior to contract award, the successful bidder shall supply a detailed breakdown of the applicable overheads and fringe benefit costs that are part of the labor rates and other direct costs associated with the services to be performed. Note: Some of the members will only be interested in a subset of these services, so please provide respective pricing for each of the services accordingly.
5. **Timeline/Schedule:** Provide a timeline/schedule for each potential Areas of Interest and any other applicable subdivisions of work pertaining to the proposal.
6. **Experience:** Respondent will clearly identify the various service participants and management team.
 - a. Describe your firm's experience as may be applicable to this request for proposals, your organizational structure, management qualifications, and other contract related qualifications, including number of years firm has been in business.
 - b. Specify key employees and describe their qualifications, experience and duties related to this request for proposals, including the office location(s) where work will be performed.
 - c. Provide a commitment statement for the retention and use of key employees as proposed, their availability to initiate and sustain the proposal, as well as planned supplemental employees if key personnel are not available to assure service delivery.

- d. State whether Respondent will use subcontractors to perform services pursuant to the contract. Should the use of subcontractors be offered, the Respondent shall provide the same assurances of competence for the subcontractor, plus the demonstrated ability to manage and supervise the subcontracted work. Subcontractors shall not be allowed to further subcontract with others for work. The provisions of any contract resulting from this RFP shall apply to all subcontractors in the same manner as to the Respondent.
- e. Respondent shall indicate any and all pending litigation that could affect the viability of respondent's proposal, continuance of existing contracts, operation or financial stability.
- f. Describe whether the Respondent has, within the last five years, rendered any service to SCPPA or to any of SCPPA's Members, either as a contractor or subcontractor, either under the current Respondent's name or any other name or organization. If so, please provide details (status as prime or subcontractor, brief description of the contract, contract start and end dates, the contract administrator name, and total actual contract expenditures).
- g. If the Respondent has not rendered any service within the last five years to SCPPA or to any of SCPPA's Members, then please provide references over that period with the requested details described above including the counterparty for which services were provided.
- h. Identify existing projects or programs which respondent developed and/or operates.
- i. Describe relevant program development and implementation experience, approach, and provide a list of references for similar projects or services completed.
- j. Identify expectations from customer including requirements definition, strategy refinement, and staffing requirements to support implementation methodology.

IV. RFP Schedule*

| Action | Expected Date |
|--------------------------------|--------------------|
| RFP Issued | September 25, 2017 |
| RFP Questions Cutoff Date | October 16, 2017 |
| RFP Submittal Deadline | October 30, 2017 |
| Finalists Notified (Estimated) | November 30, 2017 |

*RFP Schedule is subject to change.

There will not be an initial proposer's conference associated with this request for proposals. The deadline to submit questions on this RFP will be 4:00 PM (PDT) on October 16, 2017. Clarification questions may be addressed electronically via email at jquan@scppa.org, referencing **Energy Scheduling and Trading RFP** in the subject line. Answers to all questions will be provided within 5 business days.

V. Proposal Submission Delivery Requirements

One (1) electronic copy of your submittal should be delivered no later than 4:00 pm PST on October 30, 2017 e-mailed to: jquan@scppa.org with Subject/Title as:

[Respondent Name] Scheduling and Trading RFP Submittal.

One (1) hard copy of your submittal can or may also be delivered to the address below no later than the time and date referenced in the RFP Schedule above, but a hard-copy submittal is not required.

Attention: John Quan
RFP for Energy Scheduling and Trading Services
Southern California Public Power Authority
1160 Nicole Court
Glendora, California 91740

No contact should be made with the Board of Directors, committees or working group representatives, or SCPPA Participating Members concerning this request for proposals.

All information received by SCPPA in response to this request for proposals is subject to the California Public Records Act and all submissions may be subject to review in the event of an audit.

VI. Terms and Conditions

1. SCPPA reserves the right to cancel this RFP at any time, reject any and all proposals and to waive irregularities.
2. SCPPA shall determine at its sole discretion the value of any and/or all proposals including price and non-price attributes.
3. Proposals may be sub-divided or combined with other proposals, at SCPPA's sole discretion.
4. SCPPA shall perform an initial screening evaluation to identify and eliminate any proposals that are not responsive to the request for proposals, do not meet the minimum requirements set forth in the request for proposals, are clearly not economically competitive with other proposals, or are submitted by respondents that lack appropriate creditworthiness, sufficient financial resources, or qualifications to provide dependable and reliable services.
5. SCPPA reserves the right to submit follow up questions or inquiries to request clarification of information submitted and to request additional information from any one or more of the respondents.
6. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the respondent, or to make the award to that respondent, who, in the opinion of SCPPA, will provide the most value to SCPPA and its customers.

7. SCPPA may decline to enter into any potential engagement agreement or contract with any respondent, terminate negotiations with any respondent, or to abandon the request for proposal process in its entirety.
8. SCPPA reserves the right to make an award, irrespective of price or technical ability, if SCPPA determines that to do so would result in the greatest value to SCPPA and its Members.
9. Those respondents who submit proposals agree to do so without legal recourse against SCPPA, its Members, their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute or act on their proposal for any reason.
10. SCPPA shall not be liable to any respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this request for proposals.
11. SCPPA shall not be liable for any costs incurred by any respondents in preparing any information for submission in connection with this RFP process or any and all costs resulting from responding to this RFP. Any and all such costs whatsoever shall remain the sole responsibility of the respondent
12. SCPPA may require certain performance assurances from Respondents prior to entering into negotiations for a proposed service. Such assurances may potentially include a requirement that Respondents provide some form of performance security.
13. Either SCPPA collectively or Members individually may respond to, or enter into negotiations for a proposal. SCPPA is not responsible or liable for individual Members interactions with the respondent which are not entirely conducted through SCPPA or at SCPPA's option or election to engage the respondent as defined within the Terms and Conditions herein.
14. Submission of a Proposal constitutes acknowledgement that the Respondent has read and agrees to be bound by the terms and specifications of this RFP and any addenda subsequently issued prior to the due date for a Proposal.
15. Information in this RFP is accurate to the best of SCPPA's knowledge but is not guaranteed to be correct. Respondents are expected to complete all of their due diligence activities prior to entering into any final contract negotiations with SCPPA.
16. SCPPA reserves the right to reject any Proposal for any reason without cause. SCPPA reserves the right to enter into relationships with more than one vendor, can choose not to proceed with any Respondent with respect to one or more categories of services, and can choose to suspend this RFP or to issue a new RFP that would supersede and replace this one.

VII. Additional Considerations for Submittal

1. **Response Preparations:** Submittals should be prepared simply and economically, without the inclusion of unnecessary promotional materials. Information should be submitted on recycled paper that has a minimum of thirty percent (30%) post-consumer recycled content and duplex copied (double-sided sheets) where possible and applicable.

2. **Insurance, Licensing, or other Certification:** If selected subsequently to provide service(s) and/or product(s) related to the Areas of Interest in this RFP, the Respondent and each of its known subcontractors will be required to maintain sufficient insurance, licenses, or other required certifications for the type of work being performed. SCPPA or its Members may require specific insurance coverage to be established and maintained during the course of work and as a condition of award or continuation of contract.
3. **Non-Discrimination/Equal Employment Practices/Affirmative Action Plan:** If selected subsequently to provide service(s) and/or product(s) related to the Areas of Interest in this RFP, the Respondent and each of its known subcontractors may be required to complete and file an acceptable Affirmative Action Plan. The Affirmative Action Plan may be set forth in the form required as a business practice by the Department of Water and Power of the City of Los Angeles, SCPPA's largest Member.
4. **Living Wage Ordinance:** If selected subsequently to provide service(s) and/or product(s) related to the Areas of Interest in this RFP, the Respondent may be required to comply with the applicable provisions of the City of Los Angeles Living Wage Ordinance and the City of Los Angeles Service Contract Workers Retention Ordinance. The Living Wage Ordinance provisions are found in Section 10.36 of the Los Angeles City Administrative Code; and the Service Contract Workers Retention Ordinance are found in Section 10.37 of the Los Angeles Administrative Code.
5. **Prevailing Wage Rates:** If selected, the Respondent will be required to conform to prevailing wage rates applicable to the location(s) where any work is being performed. Workers shall be paid not less than prevailing wages pursuant to determinations of the Director of Industrial Relations as applicable in accordance with the California Labor Code. To access the most current information on effective determination rates, Respondent shall contact:

Department of Industrial Relations
Division of Labor Statistics and Research
PO Box 420603, San Francisco, CA 94142-0603
Division Office Telephone: (415) 703-4780
Prevailing Wage Unit Telephone: (415) 703-4774
Web: <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm>

6. **Child Support Policy:** If selected subsequently to provide service(s) and/or product(s) related to the Areas of Interest in this RFP, the Respondent may be required to comply with the City of Los Angeles Ordinance No. 172401, which requires all contractors and subcontractors performing work to comply with all reporting requirements and wage earning assignments and wage earning assignments relative to court ordered child support.
7. **Supplier Diversity:** Respondents shall take reasonable steps to ensure that all available business enterprises, including Small Business Enterprises (SBEs), Disadvantaged Business Enterprises (DBEs), Women-Owned Business Enterprises (WBEs), Minority-Owned Business Enterprises (MBEs), Disabled Veteran Business Enterprises (DVBES), and other Business Enterprises (OBEs), have an equal opportunity to compete for and participate in the work being requested by this RFP. Efforts to obtain participation of these business enterprises may reasonably be expected to produce a twenty-five percent (25%) participation goal for SBEs. For the purpose of this RFP, SCPPA's Supplier Diversity program is modeled after that of the Los Angeles Department of Water

and Power. Further information concerning the Supplier Diversity Program may be obtained from the Supply Chain Services Division of the Los Angeles Department of Water and Power.

8. **Local Preference:** SCPPA's RFP Review team will increase the final response rating or score up to 10 percent for Responses that demonstrate that the Respondent's primary business address is located in a Participating Member's service territory or that more than 50 percent of the work will be performed by sub-contractors with business addresses located within the Participating Members' service territory.
9. **SCPPA-Furnished Property:** SCPPA or a Member's utility drawings, specifications, and other media furnished for the Respondent's use shall not be furnished to others without written authorization from SCPPA or the applicable Member(s).
10. **Contractor-Furnished Property:** Upon completion of all work under any agreement developed as a result of this RFP, ownership and title to reports, documents, drawings, specifications, estimates, and any other document produced as a result of the agreement shall automatically be vested to SCPPA and no further agreement will be necessary for the transfer of ownership to SCPPA. SCPPA has the sole right to distribute, reproduce, publish, license, or grant permission to use all or a portion of the deliverable documentation, work product or presentations as it determines in its sole discretion.