

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with The Energy Authority (TEA) for a Slice BPA Contract optimizer software access and support.

Board Meeting Date: 10/1/2019

Project Name/Contract #: Slice Optimizer Software Access & Support

Primary Contact: Susan Ackerman Ext. 7185

Kevin Cardoza Ext. 7338

Contract Amount:

Original Contract Amount: \$1,400,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$1,400,000

Resulting Cumulative Total: \$1,400,000 over 5 years

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Sole Source

Term of Agreement: **10-1-19 to 9-30-24**

Option to Renew? Yes

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve an on-line services agreement with TEA for an on-line hosted Slice Customer Interface with a Slice optimizer component. Board resolution No. 0838 authorized the original signing of a Bonneville Power Administration (BPA) Slice contract that requires EWEB to build or procure a simulator that models a 6-project simulation of the Federal Columbia River Power System. With this software EWEB will have the tools to maximize the value of our BPA Slice contract. This is in line with our Strategic Plan of providing our customers with efficient performance of our long term contracts. TEA's solution has been considered a sole-source and findings are on file to support an exemption from solicitation. Total cost over 5 years include annual hosting, maintenance and support fees (approximately \$262,949 the first year and escalating yearly approximately 3%) is ~\$1.4M. Staff expects to recover approximately \$385,000 - \$400,000 of this total 5 year cost from our scheduler client Clatskanie PUD due to our current services contract.

Contracted Goods or Services

TEA has developed an on-line hosted software application accessible via the Internet (the "TEA System") that, among other things, assists electric utilities with the optimization, management, and scheduling of the 2011 Slice/Block Power Sales Agreement between electric utilities and the Bonneville Power Administration ("BPA"). This contract provides access to the software and related support services.

Prior Contract Activities

In 2013, EWEB contracted with TEA (Contract #024-2013) for \$1.8 million after EWEB staff determined that TEA is the only company that had a commercially off-the-shelf (COTS) product that met EWEB's requirements to access and support the Slice Optimizer. TEA supplied the services in this previous contract and has been a good business partner in meeting the contractually agreed upon requirements of EWEB. They have done this on time and on budget.

Purchasing Process

This is the only software available on the market that accomplishes optimizing our BPA Slice Contract. Seven years ago EWEB along with other utilities did an RFP for this type of software which led to TEA being selected as the software solution to support the Slice Optimizer. Staff have recently surveyed the market and The Energy Authority (TEA) remains as the only company that has the product available as a commercially off-the-shelf (COTS) solution.

ACTION REQUESTED:

Management requests the Board approve a contract with The Energy Authority (TEA) for a slice optimizer software access and support. Approximately \$263,000 is planned for these services in the Trading Operations 2020 budget of \$2.6M. Variances will be managed within the budget process and Board policy.