



**THE CITY OF CHULA VISTA
REQUEST FOR PROPOSAL
RFP P08-18/19**

Notice is hereby given that proposals will be received until 12:00 P.M. on Tuesday, November 20, 2018, Pacific Standard Time (PST), furnishing the City of Chula Vista with:

COMMUNITY CHOICE AGGREGATION TECHNICAL FEASIBILITY STUDY SERVICES

Prospective respondents are hereby referred to the proposal instructions, general provisions and terms and conditions contained in this request for proposal. All proposals must be submitted through PlanetBids by the due date and time. Late proposals will not be considered.

Questions related to the proposal must be submitted to Victor De La Cruz ydelacruz@chulavistaca.gov. Questions must be received by 3:00 pm Thursday October 16, 2018. Answers will be uploaded as an addendum in PlanetBids no later than 5:00 pm Thursday October 30, 2018.

The City reserves the right to reject any or all proposals received, any portion of any proposal and to waive any irregularities or informalities in proposals or the RFP process. Any addenda that are issued through this RFP must be signed and returned with your submittal.

Victor De La Cruz
Procurement Services Analyst
Telephone number: 619-409-5959
Fax number: 619-691-5149



Schedule

| Activity | Date |
|---------------------------------------|--|
| RFP Posted to PlanetBids | October 3, 2018 |
| Pre-Bid Meeting (not mandatory) | October 10, 2018, 9:00am – 10:00am |
| Question Submittal through PlanetBids | October 16, 2018 no later than 3:00 pm |
| Response to Questions Released | October 30, 2018 no later than 5:00 pm |
| RFP Response and Proposal Due | November 20, 2018 no later than 12:00 pm |
| Presentations/Interviews | December 10 to 21, 2018 |
| Notice of Intent to Award | December, 2018 |
| Council Adoption | February, 2019 |
| Contract Inception | March, 2019 |

Objective & Background

The City of Chula Vista is the second-largest City in San Diego County with a population of approximately 267,000 and boasts more than 50 square miles of coastal landscape, rolling hills, quality parks and trails. It is located at the center of one of the richest cultural, economic and environmentally diverse zones in the United States and is approximately seven miles north of the busiest land border crossing in the world, the San Ysidro US/Mexico border crossing. Chula Vista is a leader in conservation and renewable energy and has been named one of the safest cities in the country.

Located 10 miles east of downtown San Diego, the City of La Mesa was incorporated in 1912 and has approximately 60,000 residents. At a little over 9 square miles, La Mesa has the 3rd highest population density and the highest gross residential density of any city in the San Diego region. The community is primarily comprised of single-family residential neighborhoods, with retail uses and restaurants, commercial areas and two hospitals.

Scope of Work

A. Project Summary

The City of Chula Vista is requesting proposals for a Community Choice Aggregation (CCA) Technical Feasibility Study (Study) on behalf of the cities of Chula Vista and La Mesa (Partners). The Partners seek to understand the feasibility of CCA, including various options for development and implementation, as well as potential costs, risks and benefits. It is the goal of the Partners to determine whether a CCA program(s) could be established for our communities that would meet the greenhouse gas emissions goals of the Partner cities while keeping electricity rates comparable to or lower than those of the local utility, San Diego Gas & Electric (SDG&E).



B. Study Goals

The Study shall:

1. Determine whether the cities of Chula Vista and La Mesa could reasonably expect to establish and operate a successful CCA program based upon a set of electricity supply scenarios;
2. Determine to what extent the CCA program could offer renewable energy to residents and businesses and help achieve each city's greenhouse gas (GHG) reduction goals;
3. Provide options as to how a CCA program could be structured, managed and successfully implemented; and
4. Evaluate the potential risks and benefits associated with forming a CCA program, including the environmental, financial, economic, legal and technical implications. The study must provide adequate detail to inform the possible future preparation of a CCA Implementation Plan that could be certified by the California Public Utilities Commission (CPUC) regardless of which formation option is selected (i.e. independent or partner with other jurisdictions in the region).

C. Background

1. Community Choice Aggregation (CCA)

State legislation regarding CCAs allows local governments or groups of local governments to procure electricity on behalf of customers within their jurisdiction. Through CCAs (also called Community Choice Energy), local jurisdictions may choose to procure higher levels of renewable energy for their constituents than what is available from the local utility, further reducing GHG emissions. Under a CCA, the local utility, SDG&E, would continue to deliver, meter and bill electricity to all customers and would maintain grid infrastructure and local distribution systems, including those in the CCA.

There are currently more than 17 active CCA programs in California including Marin Clean Energy, Sonoma Clean Power, Lancaster Choice Energy, Peninsula Clean Energy, Silicon Valley Clean Energy, Apple Valley Choice Energy and Redwood Coast Energy Authority. Many other local jurisdictions, including some in San Diego County, are also exploring the feasibility of developing CCAs.

2. Study Area

The study area includes the San Diego County cities of Chula Vista and La Mesa.

D. Scope of Services

Through the scope of work, the consultant will conduct a CCA Technical Feasibility Study for the Partners that meet the goals stated in the Project Summary.

The selected consultant shall perform the following scope of work.

1. Load Study and Forecast

The consultant shall prepare a utility load forecast that reviews historical usage and projects future electric energy requirements and peak demand individually for each participating jurisdiction and collectively for the Partners, across all customer classes, taking into account growth in renewables (e.g. solar), storage (e.g. batteries) and other appropriate factors such as compensation for line losses and resource adequacy requirements (RAR). This task will also entail the development of class-specific forecasts which could be aggregated to comprise a composite of expected electrical energy requirements. This forecast shall account for current direct access accounts and customers who take service at the distribution level, as identified in customer data provided by the utility. The load study will estimate the number of megawatts that will be required to serve the electric energy requirements of the CCA(s) year by year up to 10 years during the first ten years of operation. The load study will estimate the number or percentage of customers in each customer class that would need to participate to make the CCA viable. In order to provide a thorough and consistent analysis, the consultant shall reconcile any data discrepancies that may arise from the electricity load data received from SDG&E.

In support of this study, the consultant shall assist the Partners in acquiring three years of aggregated load data for customers in their respective jurisdictions in accordance with SDG&E tariffs. The consultant will assist in the preparation of each Partner's load data request so that the appropriate and necessary data for the analysis is received for all Partners.

The successful consultant will be required to fully comply with all SDG&E confidentiality provisions. All consultant personnel having access to confidential information shall be required to sign applicable non-disclosure agreement(s) with respect to the Partners' request for confidential information from SDG&E.

2. Rate Analysis and Comparison

The consultant shall prepare a CCA and utility rate analysis with reasonable estimates of future utility rate changes based on historical prices and factors that may affect future rate changes (e.g. local generation and storage construction, spot market pricing, renewable energy mandates and changes in the cost of renewables, etc.). Other factors may also include, but are not limited to ancillary services, transmission congestion impacts and transmission scheduling coordination costs. This analysis shall be presented in a scenario analysis, with high, medium and low estimates of future CCA and SDG&E pricing for all rate classes. The analysis must include:

- a) Identification of factors that may affect rate comparison such as changes in utility portfolio structure and rate restructuring;
- b) Utility costs, departing load charges, and surcharges embedded in rate forecast for direct comparison to CCA costs;
- c) The impacts on CCA customers' bills and CCA viability as a result of the Power Charge Indifference Adjustment (PCIA), which is imposed on CCA customers to account for the costs of stranded power contract costs. For analysis, the PCIA should be projected year by year up to 10 years and the study should explain how these numbers were derived; and
- d) Consideration of any other factors that may affect rate comparison, such as varying natural gas prices, rate restructuring, PCIA changes, Net Energy Metering (NEM) costs, battery storage, electric vehicles, demand response capabilities, etc., including

consideration of a NEM program that pays solar owners wholesale rates for power generated in excess of usage.

The analysis shall include rate projections and comparisons at program launch, as well as five years and ten years after establishment.

3. Supply Scenario Analysis

The consultant shall develop multiple scenarios for the CCA's energy procurement requirements. Each scenario will forecast rates and competitiveness with SDG&E for all products, estimate GHG reductions compared to SDG&E and estimate Net Energy Metering or equivalent program costs. Each scenario will provide differentiated energy service options with a variety of renewable power mix offerings (e.g. 35%, 50%, 75% and 100%), increasing over time to help meet each Partner's respective GHG emissions reduction goals. The "high" scenario should include 100% renewable energy content by 2030. The renewable portion of the baseline scenario should be equivalent to or better than the renewable portion of SDG&E's current power mix in terms of quantity and resource classification. Each scenario must meet or exceed the California Renewable Portfolio Standard (RPS) and describe the cost associated. The analysis shall describe the resource mix necessary to achieve each scenario, specifying the type of resources [local, in-state, in-county, international, renewable vs. fossil fueled, bundled vs. unbundled renewable energy certificates (RECs), energy credits, technology preferences]. The analysis shall include a supply scenario that does not include any unbundled Renewable Energy Credits (RECs) (Category 3 renewables).

4. Pro-Forma Analysis

The consultant shall provide a financial model that permits assessments of CCA viability under a variety of governance and operational structures and makes clear the minimum number of customers that will need to participate in order to maintain economic viability. The consultant shall assess the overall cost-benefit potential to support a threshold decision regarding moving forward with a CCA. Costs in the model shall include those associated with program development and implementation as well as net ratepayer costs over the forecast period. Quantifiable impacts shall include potential for: annual and net savings to CCA customers compared to those remaining with SDG&E, net GHG reductions, expanded use of renewable energy resources and local economic development (e.g. job-years created and indirect economic impacts). The pro-forma analysis shall include:

- a) Cash flow analysis, detailing costs and projected benefits under the electric supply scenarios outlined under "Supply Scenario Analysis" above;
- b) Reports detailing costs and projected benefits under sensitivity case assumptions;
- c) Reports detailing costs and projected benefits of phasing in customer load over time;
- d) Variations of relative costs and benefits for phasing in customer load over differing time periods; and
- e) Standard cost-of-service variables including:
 - i. Energy costs - Variable inputs for resource portfolio mixes to include:
 1. Forecast spot market prices
 2. Long-term and short-term power contracts
 3. Market pricing relative to peak and off-peak demand
 4. Renewable Energy Portfolio requirements or better



- ii. Start-up costs
- iii. Cost of capital
- iv. Operating and maintenance costs, including administrative, staffing, legal, billing, metering, customer service, outreach, etc.
- v. Uncollected accounts
- vi. CCA customer responsibility charges and terms
- vii. Program reserves
- viii. CCA bonding for re-entry fees
- ix. SDG&E surcharges, in particular the impacts of the PCIA
- x. Power supply costs that assume CCA feed-in tariff and NEM programs

The consultant's pro-forma analysis shall be performed in at least five different geographic scenarios (including stand-alone analyses for each of the participating cities, a combined analysis including all participating jurisdictions and potential analysis looking at joining other local regional programs). Cost proposals should include a contingency for pro-forma analysis to be performed on one or more additional geographic areas. The geographic areas to be studied will be decided prior to the commencement of the consultant contract. The consultant shall provide a fully functional model that can be used by the Partners for future analysis as inputs or market conditions change.

5. Sensitivity Analysis

The consultant's model shall be designed to accommodate sensitivity analyses reflecting changes in the following variables:

- a) Market prices for conventional and renewable energy resources;
- b) Program phase-in at varying supply levels;
- c) Changes in SDG&E generation rates, the PCIA and customer surcharges;
- d) Changes in policies affecting local renewables development, including possible net metering policy changes, possible reduction or elimination of the federal solar tax credit and production tax credit for wind power;
- e) The possibility that not all cities listed as a Partner in this study will join the CCA initially (or at any point in the future). The consultant shall examine to what extent rates may change depending on varying levels of participation. If 25% of the eligible load joins a CCA, if 50%, 80%, etc., is it possible—based on previous experience—that rates and resource availability would materially change? In other words, would lower levels of participation potentially translate into higher prices given reductions in volume?
- f) The inclusion in the supply portfolio of renewable energy resources at levels that exceed state RPS requirements;
- g) The inclusion in the supply portfolio of local and distributed renewable resources, energy efficiency, demand response and demand reduction programs;
- h) Program viability under various customer opt-out rate scenarios (i.e., 2%, 5% and 10% opt-out rates); and
- i) Program viability if other cities opt to join the CCA. Identify the factors that should be considered when adding a new jurisdiction.

6. Regulatory and Risk Analysis



The consultant shall analyze the potential risks to the program, as well as outline risk mitigation measures. Such risks could include, but are not limited to:

- a) Financial risk to the participating jurisdictions in the event of program failure or loss, including credit risk;
- b) Impacts on customers in the event of program failure or loss;
- c) The financial risk associated with supply-demand mismatches and changes in market pricing under various portfolio scenarios;
- d) Regulatory and legislative risk due to rule changes at the CPUC or changes in state law that affect CCA competitiveness, including PCIA regulations;
- e) Ability to procure renewable energy in compliance with RPS standards, because of changes in state law under SB 350; and
- f) Grid stability.

7. Governance, Management and Funding Models

The consultant shall evaluate various governance and management models for achieving program objectives, management efficiency and effectiveness, minimizing risk to participating communities, minimizing financial impacts and allowing for decision-making autonomy and discretion. Specifically, the analysis shall assess whether the program can be managed as a Joint Powers Authority (JPA), by individual cities or another arrangement and will describe the pros and cons of each option. The analysis shall also assess the potential for the Partners to join an already existing (e.g. Solana Beach) or currently forming CCA (e.g. City of San Diego, North County, or other). The consultant shall also consider options that would allow member agencies to implement programs tailored to their individual priorities regarding rates and renewable mix.

Whether a JPA model or otherwise, the study shall outline management options, including internal management, external vendors or third parties, in whole or in part. The consultant shall prepare a conceptual program funding plan, including an analysis of common CCA program financing models and anticipated repayment scenarios for each. The study shall assess and describe potential future program opportunities that the CCA may implement, including but not limited to: energy conservation and energy efficiency programs, promotion of local renewable energy development, increased community resilience to power outages and natural disasters, programs promoting local jobs, programs targeted to the low-income and disadvantaged communities and economic and business development.

8. Economic Impacts

For the scenarios presented in the study, the consultant shall examine effects on the local economy, including effects on direct and indirect employment, with reliance on existing economic development models such as the Jobs and Economic Development Impact (JEDI) model from the National Renewable Energy Laboratory or other industry-standard models to quantify potential economic impacts of various supply scenarios. The consultant shall also assess the potential economic impacts of the CCA on local businesses, consumer cost, the local renewable energy industry and any multiplier effect that might result within the local economy.



9. Deliverables and Reports

The selected firm will be expected to provide the following deliverables and reports:

- a) Bi-weekly updates with assigned project staff and Partner staff, either written or verbal, on the status of the project;
- b) Coordination with Partners to finalize load data request to SDG&E. Verification and finalization of load data from SDG&E, assessment and reconciliation of any data discrepancies, and execution of a Non-Disclosure Agreement, if required, for individuals who will be analyzing data;
- c) Verification and finalization of study scope, analytic assumptions and the power supply scenarios to be considered;
- d) Summary of communications with and vetting of study assumptions and findings by SDG&E and/or Sempra Services Corporation;
- e) Draft technical study in Microsoft Word (plus additional drafts, as necessary, at the request of the Partners);
- f) Draft pro-forma model in Microsoft Excel (plus additional drafts, as necessary, at the request of the Partners);
- g) At the discretion of the Partners, the draft feasibility study may be reviewed by a third party (or parties), including SDG&E and/or Sempra Services Corporation, and the consultant shall be required to provide responses to any comments received as a result of such review.
- h) Final version of study will be submitted after review by assigned project staff, Partner staff and possible third-party reviewer. The final draft shall include all appendices, pro-forma analyses, Excel spreadsheets and documentation that was utilized in the development of the study;
- i) Final pro-forma model which can be used by the Partner(s) staff (or designee) for future analysis as inputs or market conditions change in Excel format;
- j) Presentation of study findings and results to all Partner staff, Councils, advisory boards and/or other public meetings (up to five presentations – three in Chula Vista and two in La Mesa); and
- k) Outreach to the public to support the study, including but not limited to, preparation of web content, fliers, social media blasts and press releases for each of the five public meetings.

It is not expected that the consultant will recreate analysis that has already been performed for other jurisdictions. For the sake of economy, the consultant may submit public documents or portions of them in lieu of original analysis, provided that the consultant has conducted an independent review for accuracy and applicability.

10. Project Timeline

The study shall lay out an estimated implementation and start-up timeline for the CCA. It is anticipated that the load data request will take eight to ten weeks to fulfill from the date SDG&E receives load data requests from the consultant and/or participating jurisdictions.

E. REFERENCES

Provide a list of two (2) customers for whom you have provided similar services. Please indicate as follows:



| Customer Name & Address | Contact Person & Phone | Date of Service |
|-------------------------|------------------------|-----------------|
| 1. _____ | _____ | _____ |
| 2. _____ | _____ | _____ |

Proposal Form and Content

The City will accept proposals in accordance with the instructions and specifications in this Request for Proposal (RFP).

- A. Provide one (1) electronic copy of your proposal uploaded to PlanetBids.
- B. The City reserves the right to amend, alter or revoke this Request for Proposal at or before the due date and time of proposal. Any modifications, clarifications or additions will be distributed via email as an addendum through PlanetBids.
- C. Contractors may withdraw their proposal, either personally or by written request, at any time prior to the scheduled closing time of proposals. Such requests should be directed to Victor De La Cruz, Sr Procurement Specialist at vdelacruz@chulavistaca.gov.
- D. If, in the course of the Request for Proposal process or in the administration of the resulting contract, the City determines that the contractor has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the City, contractor may be terminated from the Request for Proposal process or in the event a contract has been awarded, the contract may be immediately terminated.
- E. The City will not be liable for any costs associated with the preparation or transmittal of any proposal or material submitted in response to this RFP. The City is not obligated to explain any deficiencies in a proposal, nor accept requests for justification from bidders not selected. All responses and documentation become the property of the City.
- F. The City reserves the right to conduct interviews or require oral presentations of any or all contractors prior to selection.
- G. By submitting a proposal, contractor certifies that he/she has fully read and understands the Request for Proposal and has full knowledge of the scope, nature, quantity and quality of service to be performed.
- H. If the Consultant does not execute a contract with the City within sixty (60) days after notification of award, the City may give notice to the Consultant of the City's intent to select from the remaining respondents or to call for new proposals, whichever the City deems appropriate.



- I. Proposals should expressly state that the offer, including all pricing proposals, will remain in effect through the duration of the contract.
- J. The City is under no obligation to award this project and under no obligation to award this project to the proposal that represents the lowest cost. The contract may be awarded on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.
- K. The City reserves the right to reject any or all proposals or to accept any proposal deemed to be in its best interest. All answers supplied to questions asked in this RFP are subject to verification. Misleading and inaccurate answers will be grounds for disqualification at any stage in the evaluation and procurement process.
- L. The relationship between the City and the company selected to conduct its the services outlined in this RFP shall be governed by a contract that must be approved by the City. Upon the City's acceptance of a proposal, the successful Consultant will be required to negotiate and execute the Contract. Any proposed waiver or change in the Contract must be identified in your proposal and will be subject to the City's sole approval.
- M. The contractor will have thirty (30) calendar days from "Notification of Selection" in which to provide required insurance forms and bond as outlined in the Standard Professional Services Agreement (Attachment D) and to provide three (3) signed copies of the agreement. The City will provide the contractor with three (3) sets of the Agreement of which all sets must be executed and returned promptly. Services may not commence until the Agreement is fully executed and approved by City Council.

Evaluation Criteria

A review committee comprised of representatives from each of the potential Partner cities will judge the merit of proposals received in accordance with the general criteria defined herein. Failure of proposers to provide in their proposal any information requested in this RFP may result in disqualification of the proposal. The sole objective of the review committee will be to select the proposal that is most responsive to the Partners' needs.

Experience of proposed staff – 25%

-) Experience of project staff with similar scope of services. Level of education, training, licensing and certification of staff. In particular, proposed staff should have long-term experience in energy commodities and extensive knowledge of energy regulatory issues.
-) Ability to complete work within deadlines. Availability and continuity of staff during the course of the agreement, if selected. Unsatisfactory past performance with the City of Chula Vista (or any of the Partner cities) may be considered as determined by the City of Chula Vista (or any of the Partner cities) in their sole and absolute discretion.
-) Experience in performing similar services for organizations of similar size to the Partner cities. Experience with public agencies. Years of experience with these types of services.



Approach to the project – 30%

-) Demonstrated understanding of the Partners' needs and solicitation requirements. Approach is well organized and presented in a clear, concise and logical manner. Availability and proposed use of technology and methodologies. Quality control and thoroughness is well defined.
-) Innovative ideas on the development of a CCA Technical Feasibility Study.

Fair and Reasonable Cost – 25%

-) Reasonableness of total cost and labor rates submitted and competitiveness of the cost and rates with other cost and rates submitted.

References – 20%