



## Staff Report – Item 10

**TO:** East Bay Community Energy Board of Directors

**FROM:** Nick Chaset, Chief Executive Officer

**SUBJECT:** **Reject all Bids for Billing/Data Management/Call Center RFP-1 and Authorize Execution of Agreement with SMUD**

**DATE:** November 1, 2017

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### **Recommendation**

Adopt a Resolution authorizing the Chief Executive Officer to execute a letter of intent and a final contract with the Sacramento Municipal Utility District (SMUD) for Data Management, Billing and Call Center Services for a term of two years that may include options for extension that EBCE has sole discretion to exercise. Additionally, the Chief Executive Officer will work with SMUD to develop a set of task orders above the base cost in SMUD's bid, to support EBCE's set up of its in-house call center in two phases. Phase one will be the set up of a customer service center focused on escalated calls and other customer service and outreach tasks. Phase two will be the set-up of a full service call center to handle all front line calls. The target roll-out for Phase One will be one year from the execution of the contract, the target roll-out for Phase Two will be by the end of the two year contract term.

### **Background and Discussion**

On October 18 2017, the EBCE Board met to consider staff's recommendation to approve a contract with the Sacramento Municipal Utility District (SMUD) for data management, billing and call center services and wholesale energy services. After consideration of the proposal, the Board directed EBCE staff to convene an interview panel made up of a Board member, a CAC member and EBCE CEO to interview SMUD and apply the same scoring criteria used during the review of the two respondents to the RFP. Based on a comparison of the three scores, EBCE staff was asked to make a recommendation to proceed to execute a contract to the Board.

On Tuesday October 24, Nick Chaset, CEO of EBCE, Nick Pilch EBCE Board Member representing Albany and Ken Platt, CAC Board Member, convened for their interview with SMUD at EBCE's headquarters in Hayward. SMUD gave a presentation outlining their service offering. After the presentation, the three panelists asked nine questions from the list that had been developed for the interviews with the RFP respondents. After the interview was completed, the three panelists met to discuss SMUD's bid and to score their proposal and presentation using the criteria that had been applied to the RFP respondents. SMUD's scores were then compared to the scores given to Calpine and GridX and SMUD was found to have scores that are 17% higher than those of Calpine and GridX. Of note, Alameda County staff did not award SLEB points to either Calpine or GridX during the RFP process. SMUD was similarly not awarded any SLEB points.

After the interview was complete, Nick Chaset conducted a reference check for SMUD with the interim general manager for Valley Clean Energy Authority (CCA serving City of Davis and Yolo County) Mitch Sears using the same questions used to perform reference checks for GridX and Calpine. Mr. Sears indicated a very high level of satisfaction with SMUD's work for VCEA in the data management, billing and call center areas. The reference for GridX and Calpine were never formally scored, but review of the references clearly favored GridX over Calpine, with GridX receiving very strong references, while Calpine received mixed references from their CCA customers.

Based on a comparison of the scores applied to the three proposals and the reference checks, EBCE staff recommends that the EBCE Board select SMUD to provide EBCE with data management, billing and call center services. Staff also recommends that the EBCE Board delegate the final negotiation and execution of a contract with SMUD to EBCE CEO Nick Chaset. Based on the Board discussion at the October 18, 2017 meeting, this contract shall include a clear process for EBCE to set up an in-house call center in two phases. Phase one being to create a customer service center within EBCE to support escalated, complex customer calls and support customer service and marketing efforts. The target to launch Phase One is within one year after launch. Phase two of the call center in-sourcing plan is to set up a full call center to manage all of EBCE's call center volume. The target launch for Phase Two is within two years after launch - which coincides with the term of EBCE's contract with SMUD.

**Attachment(s):**

- A. SMUD Proposal
- B. Resolution



SMUD proposal for

# East Bay Community Energy

Data Management and Call Center Services  
Wholesale Power Services





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# Introduction and SMUD Overview

# Introduction and SMUD Overview

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## Introduction

SMUD is pleased to submit a proposal to support the launch and ongoing operations of East Bay Community Energy (EBCE). We are responding with a detailed, full service proposal for data management and call center services and wholesale power services.

EBCE was created to respond to its constituent communities' desires for renewable energy, local decision making, customer choice and stable rates, and SMUD will draw on more than 70 years of utility expertise to help EBCE accomplish its mission.

We recognize the importance of a successful launch and ongoing operations for EBCE. SMUD has the scope and scale of operations to ensure EBCE's success while maintaining SMUD's best-in-class operations for our customers.

SMUD is offering a unique opportunity for EBCE to use the talents, expertise and commitment of a 2,000-plus strong workforce with experience in all facets of providing power, meeting customer service expectations and offering best-in-class energy solutions – all within a single organization. This approach offers numerous benefits – flexibility, speed and support from a utility with 70 years of power supply experience in California.

All of our services will be provided by experienced in-house senior leaders and subject matter experts, and in a small minority of cases subcontractors who have been performing these services exclusively for the utility industry.

# Introduction and SMUD Overview

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## SMUD Overview

SMUD's foundation is based on a commitment to provide value to our customers and community by delivering innovative energy solutions. SMUD generates, transmits and distributes electricity to a 900 square-mile territory that includes California's capital city, Sacramento County, and a small portion of Placer County. SMUD is the nation's sixth-largest community-owned electric service provider, and has been providing low-cost, reliable electricity for more than 70 years. SMUD is a recognized industry leader and award winner for its innovative energy efficiency programs, renewable power technologies, and for sustainable solutions for a healthier environment.

Our missions are aligned. As a community-owned, not-for-profit utility governed by an elected Board of Directors, SMUD measures success by the value we bring to the people of the community we serve. Our customers expect reliable, affordable electricity, and they expect it to be delivered to their homes and businesses in the most environmentally responsible

manner possible. Environmental leadership is one of SMUD's core values, imbedded into all of our business practices. We take pride in our reputation as one of the nation's greenest, most progressive utilities. SMUD was the first large California utility to receive more than 20 percent of its energy from renewable resources.

SMUD is a vertically-integrated utility, with expertise in all facets of energy supply – from power generation to product and service delivery to customer service and everything in between. It means we have the scope to provide all the services required to support EBCE in its launch and successful operations. The size of SMUD's operations means our proposal is scalable. We can support future load and customer growth and expand services to meet EBCE customers' evolving needs for clean and innovative energy-related products, services, tools and information.



## Introduction and SMUD Overview

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The services we're proposing are SMUD's core competencies – the work we do successfully 24/7, 365 days a year. SMUD has a proven track record of leadership, innovation and achievement. Highlights include:

- SMUD was the first large utility in California to have 20% of its power supply come from resources classified as renewable by the state. The figure is now approaching 30% and we expect to be at about 41% by 2020, exceeding the 33% target. SMUD's current power supply portfolio is more than 50% carbon-free.
- SMUD was awarded a \$127.5 million Smart Grid Investment Grant from the U.S. Department of Energy in 2009 which helped us create one of the country's earliest smart grids allowing us to successfully integrate and manage distributed energy resources.
- Innovative renewable energy products to help SMUD and customers achieve their environmental objectives. Greenergy®, the first program of its kind, allows residential and commercial customers to pay a small premium to meet up to 100% of their electricity needs from renewable energy. Through SolarShares®, residential and commercial customers can meet their power needs with utility-scale solar energy without having to install solar panels.
- Our rates are among the lowest in the state and about 30% lower than neighboring utilities.
- In 2016, SMUD was recognized by the White House for "strong commitment to reducing greenhouse gas emissions in all of its operations, including a net long-term reduction of 90% from 1990 levels by 2050."
- Strong customer satisfaction. In J.D. Power surveys SMUD has been ranked #1 in overall residential customer satisfaction in California for 15 consecutive years and #1 in overall commercial customer satisfaction in California for 11 of the last 12 years.
- Strong brand trust. SMUD was ranked the most trusted electric utility brand in the nation among residential customers in the "2017 Utility Most Trusted Brands & Customer Engagement: Residential Customers" Cogent Reports study by Market Strategies International.

We are proud of our track record and enthusiastic about sharing our experience, expertise and values to support EBCE and its customers.





# Description of Proposed Services Data Management and Call Center Services

## Description of Proposed Services

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### **Data Management and Call Center Services**

SMUD's proposal includes the full scope of data management and call center services requested by EBCE. SMUD will work with PG&E to send and receive the full set of Electronic Data Interchange (EDI) files. SMUD performs these integrated services and is dedicated to delivering the highest level of customer service to all customers, including EBCE's.

SMUD's proposal brings several benefits: In-depth knowledge of and experience with utility data management systems and best-in-class customer service in our call centers and via self-service channels. We'll leverage these expertise to quickly establish a data management infrastructure and call center to meet EBCE's and its customers' needs. SMUD would provide billing and customer service data to help EBCE identify opportunities for new and innovative offerings.

# Description of Proposed Services

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## Data Management

SMUD will implement and manage the back office system architecture required for EBCE to manage customer data and interactions, including:

- Customer Relationship Management (CRM) for customer information and programs.
- Customer usage data repository.
- Electronic Data Interchange (EDI) processing, transformation (mapping), communications and integration.
- Billing management system for EBCE's rates, billing and settlements.
- Call center technology, and an Interactive Voice Response (IVR) system for self-service.
- Website pages for program enrollment.

SMUD will brand the EBCE CRM portal and configure it to be accessible by EBCE staff at the appropriate levels (role-based access).

## Qualified Reporting Entity

SMUD will manage the QRE services for any EBCE FIT program and upload renewable data to WREGIS and will also forward EBCE load SQMD to CAISO as required. EBCE will have access to all of the systems managed by SMUD and we will ensure that specified reporting is completed for full transparency and tracking.

SMUD has a long history managing settlement quality meter data with CAISO and would provide this service for EBCE. Additionally, SMUD has performed Qualified Reporting Entity services for our renewable generating projects from the inception of WREGIS in 2008.



# Description of Proposed Services

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## Call Center

SMUD's dedication to providing best-in-class customer service has been recognized by J.D. Power and Associates, which has ranked SMUD:

- #1 in Overall Residential Customer Satisfaction in California for 16 years in a row.
- #1 in Overall Commercial Customer Satisfaction for California 11 of the last 12 years.

SMUD will provide dedicated call center representatives to deliver the same best-in-class customer service to EBCE customers through multiple channels (Call Center, self-service IVR, and email) in both English and Spanish. SMUD will provide regular reporting on metrics specified by EBCE to track and maintain high customer service levels. Any coordination required with PG&E to contact and inform customers will be handled by SMUD to provide EBCE customers with the best customer service.

Call Center staff will be available between 7 a.m. and 7 p.m. Pacific Standard Time, Monday through Friday, excluding EBCE and PG&E holidays. 100% of emails will receive an immediate automated acknowledgement and 95% of emails will receive a customized response within one (1) business day. 100% of emails receive a customized response within three (3) business days. During non-enrollment periods, service level target of 60 second average speed of answer with an abandon rate of 3% will apply to phone calls.

## Billing Administration

SMUD recognizes that the monthly bill is a key driver of customer satisfaction. SMUD's goal is to provide an accurate bill for every customer, on time, every time. Since the implementation of our data-driven exception monitoring and response system, SMUD has experienced a 70% reduction in billing exceptions. Most utilities strive for a billing exception rate between 1% and 3%.

SMUD will deliver billing services to EBCE by building efficient and automated processes and focus on data validation accuracy with quality assurance measures.

SMUD proposes two approaches to implementing and managing billing administration:

- Bill Ready Option: SMUD will build and manage a billing engine for EBCE.
- Rate Ready Option: SMUD will work with PG&E to leverage their billing engine through the Rate Ready option in PG&E's Electric Rule 23. SMUD would provide EBCE rates to PG&E annually to be configured in PG&E's billing engine.

## Consultancy for EBCE Onsite Customer Service

SMUD's proposal includes support to EBCE to develop customer experience strategy and tactics for an onsite customer service team with a focus on managing complex escalations and key account management.



# Description of Proposed Services

## Wholesale Power Services

# Description of Proposed Services

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## Wholesale Power Services

EBCE will be able to immediately leverage SMUD's 70+ years of power supply experience, strong reputation in the California energy market and extensive expertise in local policy frameworks and understanding of power supply regulations. Since our inception in 1946, SMUD has traded in the California energy markets, as an independent balancing authority (we operate the Balancing Authority of Northern California (BANC) and as an active participant in the California ISO (CAISO) markets. We buy renewable energy from assets across the Western Electricity Coordinating Council (WECC) and sell surplus energy back to the CAISO in the day-ahead and real-time markets. SMUD transacts with the CAISO by importing energy and

Resource Adequacy capacity from CAISO while exporting energy, spin and regulation services back to the CAISO market. SMUD is also active in energy policy setting proceedings at the CAISO, California Public Utilities Commission (CPUC), California Energy Commission (CEC) and Federal Energy Regulatory Commission (FERC).

SMUD's proposal includes a full range of services to help EBCE with wholesale power services implementation and ongoing operations. By leveraging our experience as a vertically-integrated utility, we believe SMUD can offer EBCE the unique opportunity to quickly ramp up operations and planning with a minimal learning curve.

# Description of Proposed Services

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## Portfolio Management and Procurement Services

SMUD will work with EBCE to develop a power supply risk model to assess and monitor EBCE's exposure to price volatility risk including developing appropriate exposure metrics. SMUD will work with EBCE to develop wholesale power procurement and power supply risk policies as well as manage all wholesale load and resource portfolio compliance reporting.

SMUD will also work with EBCE to procure power supply to meet EBCE's power supply portfolio requirements. This includes issuing RFPs, evaluating bids and negotiating bilateral power purchase agreements with third-party power providers.

## CAISO Scheduling Coordination Services

SMUD has an existing relationship as a registered Scheduling Coordinator with the CASIO and will act as EBCE's Scheduling Coordinator. Services would include short-term load forecasting, scheduling for load into the CAISO day-ahead market, and wholesale load and resource settlements and verification, management of real-time imbalance exposure, accepting Inter-SC Trades, and managing a CRR portfolio.

SMUD currently uploads renewable project meter data into the WREGIS system and could perform the same Qualified Reporting Entity (QRE) services for future EBCE renewable generation projects. Additional regulatory compliance filings, such as monthly RA compliance reports to the CAISO would also be submitted on behalf of EBCE. EBCE will be responsible for any fees or deposits associated with those filings/registrations.

## Advisory Services

**Regulatory and Legal Compliance.** Having operated in the California regulatory and utility environment for more than 70 years, we are intimately familiar with all aspects of state and federal regulatory requirements with respect to the power sector, greenhouse gas regulations and environmental rules and regulations. For launch requirements that are unique to CCEs, SMUD has staff with CCE launch experience to ensure that all pertinent regulatory documents and requirements will be provided and filed as needed. However, SMUD is unable to provide legal advice, and therefore suggests EBCE retain outside counsel to the extent this is needed.

**Financial Planning.** SMUD has a proven track record of setting budgets that drive financial stability and meeting budget targets. This is evidenced by our high grade bond ratings of AA3 and AA- by Moody's and Fitch, respectively. SMUD is also a leader in electric rate design, conducting studies on the impact of pilot rates on customer behavior and testing the performance of residential Time-of-Day Rates, critical peak pricing for commercial and residential customers and various other rate designs. SMUD commercial customers have been on Time-of-Day Rates for a number of years, which has allowed us to gain a wealth of experience using hourly load data for load and revenue forecasts, budget preparation and development of pro-forma income statements. We are also very familiar with PG&E's current rate structures, rate trends in California and nationally. As an early adopter of residential Time-of-Day Rates, SMUD staff has extensive experience and historical data to draw upon when designing rates that may not be available from other providers. SMUD also has extensive experience in designing specific rate structures for its current Greenergy® programs, innovative SolarShares® program, FIT and NEM.

# Description of Proposed Services

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SMUD will assist EBCE with their financial planning needs, including the development of annual operating budgets that integrate rate setting, resource planning and operational expenses. We can facilitate rate-setting discussions with the EBCE Board to achieve an optimally balanced resource portfolio.

**Policy and Program Development.** What sets SMUD apart from others is our proven ability to deliver an extensive range of complementary advanced energy services and programs. Leveraging SMUD's experience and expertise, we can help EBCE quickly develop a range of advanced energy solutions for customers in the East Bay. SMUD would welcome the opportunity to work with EBCE to develop a scope of services to provide the following supplemental services:

- Innovative energy efficiency and customer program development.
- Research and development demonstration projects and pilots that utilize cutting-edge technology.
- Local renewable development projects and procurement mechanisms for solar and biomass (including FIT and NEM programs)
- Integrated distributed energy resources (DERs) initiatives that deliver efficiency, responsive loads, renewable energy, energy storage, and electrification packages.
- Transportation and building electrification offerings to accelerate decarbonization of the community energy system.

**Integrated Resource Planning.** SMUD is the fifth largest utility in California with an all-time peak load of 3,299 MW and annual retail sales of almost 11,000 GWh. SMUD has conducted integrated

resource planning (IRP) for over 35 years. This has been vital to SMUD's ability to meet its key resource planning and environmental objectives. SMUD's IRP has ensured an appropriate mix of resources and programs that have delivered high reliability, reasonable rates and environmental leadership. The IRP process ensures consideration of all demand, demand side reductions and supply side resource options from the various departments across SMUD. This includes incorporating the forecast impacts of demand reductions from energy efficiency, electric vehicles, behind-the-meter solar PV, as well as any expected Time-of-Day Rate impacts. Resource location preferences (for example, a preference for local solar PV) can be analyzed against a non-local option and cost differences and rate impacts can be compared between the options. SMUD's portfolio includes numerous local renewable developments owned by SMUD or purchased through a PPA, including local solar PV, biomass and battery storage.

SMUD will work closely with EBCE to develop an IRP that aligns with EBCE's customer portfolio, desired resource mix and risk tolerance. The resource plan will estimate the percentage of total electricity demand from renewable and non-renewable resources and take SB 350's IRP requirements into consideration.

## Credit Solution

SMUD can assist EBCE in evaluating and negotiating credit requirements of suppliers. Additionally, SMUD can provide assistance to EBCE in implementing required credit instruments as well as provide tracking, modeling and reporting on credit risk. At this time, SMUD will not be extending credit support to EBCE.





# Pricing Sheet



*Prices included in this Pricing Sheet are reflective of the assumption that SMUD is offering Data Management and Call Center Services and Wholesale Power Services as a bundled package.*

## Data Management and Call Center Services

### Assumptions

- Customer Phasing Schedule:
  - June 1, 2018: Municipal and Commercial Customers (Initial Implementation)
  - November 1, 2018: Residential Customers (Full Implementation)
  - 90 day pre and post enrollment periods
- Call Center service levels:
  - Call Center staff will be available between 7 a.m. and 7 p.m. Pacific Standard Time, Monday through Friday, excluding EBCE and PG&E holidays.
  - Email: 100% of emails receive an immediate automated acknowledgement. 95% of emails receive a customized response within one (1) business day. 100% of emails receive a customized response within three (3) business days.
  - Phone calls: During non-enrollment periods, service level target of 60 second average speed of answer with an abandon rate of 3%.
- Rate-ready v. Bill-ready: There is no price differential between bill-ready and rate-ready, as the exception rate of PG&E's system has not yet been proven, and may potentially require additional handoffs and complexity. At contract renewal times, if additional information on PG&E billing engine is available, SMUD may offer a price discount for use of rate ready.
- AMI data storage: There is no price differential as there is minimal cost to SMUD and included as part of our standard pricing.

# Pricing Sheet

## Pricing

Data Management and Call Center Services			
4-Year Contract	Years 1-4	\$0.95	Per Customer Meter / Per Month from launch until 48 months after Full Implementation

Data Management and Call Center Services			
5-Year Contract w/ 2-year Off-ramp Option	Years 1-2	\$1.05	Per Customer Meter / Per Month from launch until 24 months after Full Implementation
	Years 3-5	\$0.90	Per Customer Meter / Per Month for the remainder of contract

Consultancy for EBCE Onsite Customer Service			
Time & Material Rates*	Executive Consultant	\$280	Hourly Rate
	Principal Consultant	\$240	Hourly Rate
	Consultant	\$180	Hourly Rate
	Administrative	\$90	Hourly Rate

## Wholesale Power Services

### Assumptions

- 6 million MWh load.
- SMUD will pass through power supply costs and any such fees to EBCE through the power supply charges.
- Credit support is not included in proposed pricing.

## Pricing

Portfolio Management and Procurement Services and CAISO Scheduling Coordination Services			
5-Year Contract	Pre-Launch Activities	\$80,000	Per Month for 6 months prior to Initial Implementation
	Ongoing Operations	\$0.25	Per MWh delivered

Advisory Services			
Time & Material Rates*	Executive Consultant	\$280	Hourly Rate
	Principal Consultant	\$240	Hourly Rate
	Consultant	\$180	Hourly Rate
	Administrative	\$90	Hourly Rate

\*Time & Material hourly billing rates are fixed through June 30, 2019 and are thereafter annually subject to escalation at U.S. Department of Commerce, Bureau of Labor Statistics, "Consumer Price Index-All Urban Consumers less food and energy" Series ID: CUUR0000SA0LIE for the immediately prior 12-month period.



Sacramento Municipal Utility District

6301 S Street  
Sacramento, CA 95817

[smud.org](http://smud.org)

**RESOLUTION EBCE R-2017-\_\_****A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE EAST BAY COMMUNITY ENERGY AUTHORITY  
AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO  
ENTER INTO NEGOTIATIONS WITH SMUD FOR DATA  
MANAGEMENT, BILLING AND CALL CENTER SERVICES****THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY  
AUTHORITY DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:**

Section 1. On April 12, 2017, the East Bay Community Energy (“EBCE”) Board authorized the issuance of EBCE Request for Proposals (“RFP”) No. 17-1 for Data Management and Call Center Services. The RFP was issued on June 1, 2017.

Section 2. The EBCE received two proposals in response to RFP No. 17-1. The two proposals were evaluated by staff and the vendors were interviewed by a panel representing the EBCE. EBCE staff entered into contract negotiations with GridX, one of the vendors.

Section 3. Subsequent to the deadline for proposals, EBCE received a proposal from Sacramento Municipal Utility District (“SMUD”) for Data Management and Call Center Services.

Section 4. During the following weeks, SMUD and EBCE also discussed the potential for SMUD to provide wholesale energy market services for EBCE. After evaluating SMUD’s capabilities for wholesale energy market services, EBCE staff determined that an integrated agreement with SMUD for both Data Management and Call Services as well as Wholesale Energy Market Services represented the most efficient approach for EBCE to achieve its 2018 program launch target.

Section 5. On Thursday October 12, 2017, SMUD submitted a best and final proposal for Data Management, Call Center and Wholesale Energy Market Services that is included as an attachment 1A.

Section 6. On October 18, 2017, the EBCE Board directed EBCE staff to convene an interview panel to meet with the SMUD team to review their Data Management and Call Center bid and to apply the same scoring criteria to the SMUD bid that was applied to the GridX and Calpine bids. The EBCE Board also expressed a strong preference for EBCE moving as quickly as practicable to bring call center services in-house to EBCE.

Section 7. On October 24, 2017, the interview panel met with SMUD and conducted an interview and scored their proposal. Among other services, SMUD outlined their ability to support EBCE's desire to bring their call center in-house. SMUD's score was compared to that of GridX and Calpine and was found to be significantly higher.

Section 8. Staff desires to execute a contract with SMUD for Data Management and Call Services.

Section 9. The Board hereby rejects all proposals submitted in response to EBCE RFP No. 17-1 pursuant to Section K.4 on page 24 of the RFP.

Section 10. The Board hereby authorizes the Chief Executive Officer to enter into negotiations and execute a contract with SMUD for Data Management and Call Center for a term of two years, with options for additional years executable at the sole discretion of EBCE. The contract shall also include a set of task orders focused on supporting EBCE bringing call center services in house over the term of the contract.

**ADOPTED AND APPROVED this \_\_\_\_ day of November, 2017.**

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Scott Haggerty, Chair

ATTEST:

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Stephanie Cabrera, Clerk of the Board