

Risk/Resource Manager RFP

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Council Workshop
August 13, 2019

Agenda

- Background
- Management Assessment
Recommendations
- Risk/Resource Manager RFP
 - Process & Recommendations
- Overall Cost Analysis
- Next Steps

Background

- Based on increasing purchased power costs and challenges in forecasting. The City initiated a management assessment to.....
 - Evaluate electric resource management
 - Evaluate current purchased power contracts
 - Provide a forward looking evaluation of steps the City could take to address current challenges

Management Assessment Recommendations

- Procure 3rd party energy management services (RFP 1)
 - Leverage resources to increase oversight and accountability
- Improve purchased power cost forecasting and reporting (RFP 2)
- Develop a comprehensive risk management policy (RFP 2)
- Study opt-in implications and governance structure

3rd Party Energy Portfolio Manager (RFP 1)

- Initiated RFP 1 in February
- Purpose: Provide options for improved management of excess power
- Evaluation Team (6): City Manager's Office, Georgetown Utility System, and Finance; Technical Expert Evaluation
- 12 initial bidders
- Narrowed to 3 finalists... Selection anticipated in August/September

Risk/Resource Manager (RFP 2)

- Develop Comprehensive Risk Management Policy
- Energy Trading/Hedging Guidelines/Protocol
- Power cost budgeting/forecasting
- Evaluation/Analysis of 3rd Party Portfolio Manager Actions
- Reporting to the Governing Body and City Staff

Risk/Resource Manager (RFP 2)

- Issued RFP – June
- Evaluation Team (6): City Manager's Office, Georgetown Utility System, & Finance
- Received 4 bids
- Recommendation: Schneider Engineering

Schneider Engineering

- Established in 1991; Two offices in Boerne and College Station w/ 88 employees
- Significant experience with Texas Public Power (23 MOU's & COOP's)
- Experience with all requested tasks of the Risk/Resource Manager (RFP 2)
 - Includes optimizing renewable generation

Energy Management Cost Analysis

- **Current Costs - \$751,000**
 - Garland QSE - \$392,400
 - Neil McAndrews Consulting - \$178,800
 - Staff Cost - \$179,800
- **Anticipated FY20 Costs - \$480,000**
 - 3rd Party Portfolio Management (RP1): \$300,000 (anticipated)
 - Risk/Resource Manager (RFP 2): \$180,000

Next Steps

- Recommend awarding contract to Schneider Engineering (Aug. 13th)
- Continue Evaluation of 3rd Party Portfolio Manager RFP (Aug/Sept)
- Recruitment of Electric General Manager (Aug/Sept)
- Risk Management Policy (Initiate Fall 2019)
- Governance Structure Review (Fall 2019)
- Opt-In/Deregulation Review (Initiate 1st Quarter 2020)

Questions?



City of Georgetown