

Electric Energy Portfolio Managed Services RFP

City Council Presentation
8/27/2019

Agenda

- Purpose of RFP
- Challenges Being Addressed
- RFP Scope
- RFP Selection Process
- Bidders
- Short List
- Next Steps

Purpose of RFP

- Improve Energy Portfolio Management through outsourcing by improving the capability to:
 - Scheduling and settling energy in ERCOT
 - Offload excess power (hedging, trading, bi-lateral contracts)
 - Report positions, exposure and risk (daily, monthly, yearly)
 - Forecast and budget
 - Monitor ERCOT transmission

Challenges with current, insourced model

- **Complexity**

- Intended a relatively simple , easy to manage portfolio
- Change in market conditions increased complexity and requires more complex management

- **Shortfalls to meeting complexity**

- Insufficient current staff & consulting size, depth and breadth
- Lack supporting enterprise application

Scope of the Portfolio Management RFP

Administrative

- Contract Management, Trading Controls, Credit Services
- Scheduling – Qualified Scheduling Entity (QSE), execution
- Settlement
- Performance Reporting
- Regulatory Services
- Collateral

Strategic, Value Added

- Strategic Management
 - Portfolio Modeling
 - Portfolio Goals & Strategies
 - Risk Management
- Power Marketing, Trading & Operations Management
 - Forecasting
 - Power Marketing & Selling
 - Hedging and Trading
- Scheduling - decision making

2-Step Selection Process

- RFP issued February 8 ,2019 and due March 7, 2019
- Step 1: 12 Bidders responded
- Step 2: Top 3 interviews and Best and Final Offer
- Independent scoring
- Joint selection
- Coordinated by Purchasing
- Selection Committee
 - David Morgan – City Manager
 - Laurie Brewer – Assistant CM
 - Leigh Wallace – Finance Dir.
 - Jim Briggs – General Manager
 - Mike Babin – Deputy GM
 - Glenn Dishong – Utility Director
 - Outside Assistance
 - Wayne Morter – resource consultant

12 Bidders

- Alliance for Cooperative Energy Services Power Marketing LLC (ACES)
 - Boston Energy Trading and Marketing LLC
 - Crescent Power, Inc.
 - Demand Control 2, LLC
 - EES Consulting, Inc.
 - Garland Power & Light
 - MP2 Energy LLC (subsidiary of Shell Energy North America)
 - New Braunfels Utilities
 - Schneider Engineering, Ltd.
 - Shell Energy North America
 - Tenaska Power Services Co.
 - Trailstone Power LLC
- 7 national firms
 - 6 can provide QSE services

Non-Finalist Bidders

- ACES
- Crescent Power, Inc.
- Demand Control 2, LLC
- EES Consulting, Inc.
- Garland Power & Light
- MP2 Energy LLC
- New Braunfels Utilities
- Schneider Engineering, Ltd.
(Withdrew)
- Trailstone Power LLC

Key reasons:

- Do not provide QSE services
- Limited services offered, do not offer full service
- Limited cost information
- Limited firm history
- Limited staff size

Top 3 Bidders

- **Boston Energy Trading and Marketing LLC**
 - Subsidiary of Mitsubishi since 2018, NRG prior
 - Asset management & optimization services to owners of generation and energy storage in North America, and provide wholesale energy to retail power & gas suppliers
 - Boston based staff
- **Shell Energy North America**
 - Subsidiary of Shell Trading, in turn a subsidiary of Shell Oil Company
 - Shell Trading (US) Company is the single market interface for Shell in the US. One of the largest physical traders of hydrocarbons in the US, and one of the world's largest energy trading companies.
 - Market power and natural gas, wholesale power provider, energy management services to Independent Power Producers (IPPs), municipalities and wholesale load customers
 - Houston based support team
- **Tenaska Power Services Co.**
 - Established in 1997 to serve power markets, subsidiary of Tenaska Energy, Inc. founded 1987
 - Buy and sell wholesale and retail power, power marketing and energy management services
 - Arlington, TX based staff

Boston Energy Trading and Marketing LLC

- Manage Large/Diverse Energy Portfolio
- Limited Municipal Utility Experience
- Energy trading desk experience
- Physically remote offices

Shell Energy North America

- Manage Large/Diverse Energy Portfolio
- Strong Energy Market Analytics
- Municipal Utility Experience
- Extensive energy trading desk
- Texas office

Tenaska Power Services Co.

- Manage Large/Diverse Energy Portfolio
- Strong Energy Market Analytics
- Municipal Utility Experience
- Extensive Experience in Portfolio Management for Public Power
- Texas office

Next Steps

- Final Selection
- Contract Negotiation
- Approval and Contract Execution
- Transition – Portfolio Management
- Transition – QSE