

Association of Bay Area Governments Publicly Owned Energy Resources

ABAG POWER

Executive Committee

June 28, 2024

Agenda Item 4.c.1

Natural Gas Scheduling and Operational Consulting Services

Subject:

Authorization to negotiate and enter into a contract amendment with GPT Secure LLC, in an amount not to exceed \$738,000 for natural gas storage scheduling and operational consulting services for the period July 1, 2024, to June 30, 2027.

Background:

On March 13, 2024, staff released a Request for Qualifications for Natural Gas Scheduling and Operational Consulting Services (RFQ). The RFQ sought to identify firms exhibiting exemplary experience providing comprehensive scheduling, monitoring, and management (collectively, "scheduling") services, and/or operational consulting services. The preliminary scope of work included but was not limited to the following activities:

Scheduling:

- Performing timely nominations of supply (international, interstate, and intrastate) for all customer rate classes.
- Providing routine load forecast reporting including proposed compliance strategies for scheduled supply.
- Abiding by all relevant gas operations and services guidelines established by the utility or pipeline operator for relevant infrastructure.
- Maintaining compliance with daily, weekly, and monthly flow requirements as determined by projected or actual gas usage.
- Identifying and complying with active supply and storage contract details, and proactively developing collaborative working relationships with utility and infrastructure representatives.
- Recommending operational, compliance, or regulatory process changes or improvements to ABAG POWER Project Manager.
- Facilitate successful transmittal of required documentation related to electronic bulletin board user access and reporting.

Operational Consulting:

- Perform routine and ad hoc market, economic, and risk analysis of seasonal pipeline capacity and/or natural gas storage asset utilization.
- Develop, evaluate and recommend strategies to:

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- Improve the program's rate performance (i.e., savings comparison) relative to PG&E's small commercial rate schedule.
- Manage risk exposure.
- Meet or exceed compliance obligations associated with natural gas storage (i.e., Self- Managed Storage Capacity and Independent Storage Provider Storage Capacity), alternate resources, pipeline capacity, and related requirements.

To be considered eligible for consideration, proposals were required to demonstrate that the firm or team submitting the proposal has at least four (4) years of experience conducting natural gas scheduling, balancing, and/or trading, with a demonstrable record of strict compliance with emergency and operational flow orders; and, at least two (2) years of experience utilizing various web-based reporting systems used by pipeline operators in the United States and/or Canada.

An email advertising the RFQ on ABAG's website was sent to 3,773 firms and individuals. A non-mandatory proposers' conference was held on March 20, 2024. A total of 4 representatives from 3 firms attended the proposers' conference.

The RFQ included an anticipated budget of one hundred fifty thousand dollars (\$150,000) per fiscal year, reflecting a total of four hundred fifty thousand dollars (\$450,000) over the three-year period.

Evaluation Process

The deadline for proposal submission closed April 17, 2024. The evaluation panel met on April 22, 2024, to discuss the evaluations. Scoring consisted of the following criteria and weighting:

- Proposed Work Plan and Approach (40%)
- Desirable experience and qualifications (30%)
- Reasonableness of rates (20%)
- Written/oral communications, as evidenced in the submitted proposal and through interviews (if held) (10%)

Firms had the opportunity to qualify for an additional 10 points by participating in the Small Business Enterprise (SBE) program.

The evaluation panel reviewed the proposals, conducted written interviews with the only proposer, and determined that GPT Secure LLC's (GPT) proposal was best suited to fulfill the services desired by the solicitation. GPT and the proposed team members have extensive experience with relevant, related projects, and are fully capable of meeting the project's needs and expectations. As a result, the evaluation panel is recommending the selection of GPT.

Issues:

GPT's proposal included four tasks proposed to cost three hundred six thousand dollars (\$306,000) per fiscal year, including an optional service to manage tracking and reporting of

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environmental credits (e.g., carbon offsets) and provide third-party audit support. The evaluation panel's recommendation of GPT and the proposed contract amount declines this optional task and a portion of proposed activities, specifically the adoption of an energy trading and risk management (ETRM) platform. GPT proposes the use of an ETRM to provide comprehensive data and analysis services involving developing and adopting models to manage energy assets and build commodity trading strategies that are adaptable to changing demands and operational constraints. Historically, ABAG POWER has not utilized an ETRM, in part due to the relatively small size of the portfolio in comparison to the cost of most ETRMs. Instead, Microsoft Excel is used for analyzing program needs and strategy development. In its discussions, the evaluation panel recognized that a more sophisticated risk and transaction management platform may be needed in future years due to significant increases in ABAG POWER's membership and corresponding gas purchasing and management responsibilities. However, the panel also noted the cost-sensitive nature of the program and recommends declining the proposed ETRM. The result of declining the optional task and the ETRM decreases the annual cost of services by about fifty thousand dollars (\$50,000) per fiscal year.

Recommended Action:

The ABAG POWER Executive Committee is requested to authorize the Executive Director of the Metropolitan Transportation Commission, or his designee, on behalf of ABAG POWER, to negotiate and enter into a contract with GPT Secure, LLC for natural gas scheduling and operational consulting services in an amount not to exceed \$738,000 for the period July 1, 2024, to June 30, 2027.

Attachments:

- Summary Approval – GPT Secure LLC

Reviewed:

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Brad Paul