

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve an Intergovernmental Agreement (IGA) with Bonneville Power Administration (BPA) for Transmission Operator (TOP) Services.

Board Meeting Date: 4/2/2019

Project Name/Contract #: Transmission Operator Services

Primary Contact: Rod Price Ext. 7122

### **Contract Amount:**

Original Contract Amount: \$1,900,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$1,900,000 over five years

**Resulting Cumulative Total:** \$1,900,000

### **Contracting Method:**

Method of Solicitation: Direct Negotiation, Intergovernmental Agreement

If applicable, basis for exemption: Exemption Rule 6-0110(1)(a)

Term of Agreement: **Five Years**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes ☐ No ☒

Proposals/Bids Received (Range): N/A, Direct Negotiation

Selection Basis: Direct negotiation, Intergovernmental Agreement

### **Narrative:**

#### Operational Requirement and Alignment with Strategic Plan

EWEB is registered as a Transmission Operator (TOP) in the WECC/NERC compliance program. The intent of this registration is to ensure that bulk electric providers operate a reliable transmission system for the entire western region. Balancing Authorities, like BPA and Pacific Corp, are key players in the western power system, however EWEB has little to no electrical effect to the western region outside of our own customers. By technicality, EWEB is required to register and support the TOP requirements, we have approximately five FTE dispersed through the Electric Operations and Information Service divisions maintaining our TOP requirements. BPA has a fully dedicated NERC compliance and operations staff and has offered to provide TOP services to companies such as EWEB on a cost basis. We will be the 13th utility to accept BPA TOP services. We expect a yearly savings from reduced internal staff work, eliminated contracts with Peak Services, and reduced WECC audit costs. Staff FTE savings will be approximately \$400,000/year, Peak Services contract savings \$180,000/year, and our audit costs will reduce from \$500,000 every three years to \$100,000 every six years, totaling \$3,400,000. Total 5 year savings is approximately \$2,000,000.

#### Contracted Goods or Services

All services associated with the Transmission Operator requirements for NERC and WECC on EWEB's behalf. This includes monitoring of our Bulk Electric System equipment, real time and forward power system modeling, and all WECC reporting and audit requirements.

#### Prior Contract Activities

Initially we contracted with BPA in December of 2018 for \$145,000 to provide time and materials cost for BPA to incorporate our SCADA system into their Dispatch system and for various compliance efforts with WECC that they would need to accomplish to get ready to take over our TOP requirements. This contract will be complete upon transference of TOP to BPA on May 1, 2019. All work has been of high quality and met all schedule requirements.

#### Purchasing Process

EWEB has negotiated an Agreement with BPA for TOP services. Terms of the Agreement include termination with 90 days notice, specific billing and payment processes, liability, and responsibilities of the parties.

#### Bidder/Proposer Information

N/A

#### Bidder/Proposer Location

N/A

#### Competitive Fair Price (If less than 3 responses received)

Staff completed a cost analysis and determined that the services provided by BPA will result in an overall savings.

#### **ACTION REQUESTED:**

Management requests the Board approve an Intergovernmental Agreement with Bonneville Power Administration for Transmission Operator Service. Funds for these services were not budgeted for in 2019, but will be budgeted for in future years. The total division budget for 2019 is \$22.7 million. Variances will be managed within the budget process and Board policy.