



Butte County Board of Supervisors Agenda Transmittal

Clerk of the Board Use Only

Agenda Item:

4.04

Subject: Contract with EES Consulting, Inc. for a Technical Study Related to Feasibility of Community Choice Aggregation (CCA)

Department: County Administration

Meeting Date Requested: May 9, 2017

Contact: Brian Ring

Phone: 530-538-7041

Regular Agenda

Consent Agenda

Department Summary: *(Information provided in this section will be included on the agenda. Attach explanatory memorandum and other background information as necessary).*

In response to concerns voiced by several Butte County businesses, and per action items in the Butte County Regional Economic Development Strategy and the Butte County General Plan, County staff has been researching opportunities to assist both businesses and residents through alternative energy projects and programs. One such program is Community Choice Aggregation (CCA). CCA allows local governments to become an energy purveyor and to purchase electrical energy on the wholesale market from any source. A CCA chooses the source of electrical power for the community and sets its own rates. A CCA only provides electricity and does not own poles or wires; electricity would continue to be delivered using PG&E transmission and distribution lines.

On June 14, 2016 the Board of Supervisors directed staff to have a technical study performed to determine the feasibility of CCA in the Butte County region. In October of 2016 a Request for Qualifications and Proposals was issued and proposals were submitted by two firms, both of whom are out of the area. Interviews were conducted with both of the firms on February 3, 2017. EES Consulting, Inc., from Kirkland, Washington, was selected as the lowest responsive bidder and the highest ranked by the interview panel.

Staff recommend approval of the contract for a term of May 9, 2017 through March 31, 2018. The contract shall not exceed \$94,000, and will be funded out of the Utilities Internal Service Fund.

Fiscal Impact:

Contract is not-to-exceed \$94,000. The funds will come from the Utilities Internal Service Fund.

Personnel Impact:

Does not apply.

Action Requested:

Approve contract and authorize the Chair to sign.

Administrative Office Review: Shari McCracken, Deputy Chief Administrative Officer



Butte County Administration

Paul Hahn, Chief Administrative Officer

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Members of the Board

Bill Connelly | Maureen Kirk | Steve Lambert | Doug Teeter | Larry Wahl

MEMORANDUM

DATE: May 9, 2017

TO: Board of Supervisors

FROM: Brian Ring, Assistant Chief Administrative Officer

RE: Contract Approval for Feasibility Study Related to Community Choice Aggregation

The County has been researching the option of Community Choice Aggregation (CCA) for some time now. On June 14, 2016, the Board of Supervisors directed staff to seek a consultant to perform a feasibility study related to CCA to determine the financial viability of such an option in Butte County. A Request for Qualifications and Proposals was issued and was followed up by interviews with both of the two firms that submitted proposals (both firms being from out of the area). EES Consulting, Inc. (out of Kirkland, Washington) was ranked the highest by the interview panel and was also the lowest responsive bidder.

Brief Recap on CCA

CCA became an option in California in 2002 with the passing of State Assembly Bill 117. The bill gave California cities and counties the ability to aggregate the electric loads of residents, businesses, and public facilities to facilitate the purchase and sale of electricity in a more competitive market. The Investor Owned Utility (IOU), such as PG&E, would no longer be responsible for the purchase and supply of energy. The IOU would still own all the infrastructure (power poles, power lines, etc.) associated with power distribution and would continue to deliver power using the IOU's lines. IOU's are obligated to continue to deliver electricity, perform billing, and provide customer service to the CCA customers under the same terms and conditions of their own customers. The potential benefits of a CCA are lower cost electricity for businesses and residents, as well as more energy options that could assist in the reduction of environmental impacts. Such a program would also be consistent with Goal COS-3 of the Butte County General Plan which promotes a sustainable energy supply, along with General Plan Action COS-A3.1d which directs the evaluation of the feasibility of a CCA for the County.

Currently there are a number of operational CCA programs in California: Marin Clean Energy, Sonoma Clean Power, Lancaster Choice Energy, CleanPower S.F., Alameda County, Contra Costa County, Monterey Bay Community Power, Silicon Valley Clean Energy, Valley Clean Energy Alliance (Yolo County and Davis). In addition, there are numerous other CCA's in various stages of formation throughout California.

Feasibility Study

This feasibility study would examine a number of variables to determine the financial viability of a CCA in Butte County. Those variables include the following:

- Analyze historical electricity usage along with projected usage;
- Analyze various rate scenarios against those of PG&E;
- Look at multiple power supply portfolios (with varying renewable options);
- Assess the potential economic impacts that a CCA could have on a community;
- Complete a sensitivity analysis of a number of key variables (market prices, changes in PG&E rates, changes in policies, customer participation levels, etc.);
- Compare different operational models (Joint Powers Authority, joining an existing CCA or forming a CCA operated by a third party administrator);
- Estimate CCA expenses, revenues and startup costs; and
- Complete an in-depth risk analysis with options to mitigate such risks.

The project would be scheduled to last approximately 10 months (through March 2018). The study will include the unincorporated area, Chico, Paradise and Oroville. The study will not include the cities of Biggs and Gridley due to the fact that they operate a municipal utility and are therefore not eligible.

Action Requested

Approve contract with EES Consulting, Inc. which will begin on May 9th, 2017 and run through March 31st, 2018, and authorize the Chair to sign. The contract shall not exceed \$94,000 and will be funded out of the Utilities Internal Service Fund.

**ATTACHMENT I
TERMS AND CONDITIONS**

1. **Scope of Work.** The work to be undertaken is identified in the attached "Attachment III – Scope of Work" which is made a part of this Contract.
2. **Reimbursement.** The work shall be performed for the Fixed price, Annual price, Monthly price or Hourly rate as indicated above in the variable information table, but shall not exceed the Not-to-Exceed Price if included in the variable information table. Reasonable expenses if authorized and specified in addition to the Hourly Rate if both the Hourly Rate block and the block authorizing Reasonable Expenses are checked in the variable information table. Payment shall be made after the Project Manager or designee reviews and approves the work and after submittal of an invoice by the CONTRACTOR. Expenses and or materials if stipulated shall be paid only upon prior approval and with receipts and only after review and authorization by the Project Manager.
3. **County Project Manager.** The COUNTY Project Manager or designee for this undertaking who will receive payment invoices and answer questions related to the coordination of this undertaking is identified above in the variable information table.
4. **Independent Contractor.** CONTRACTOR is an independent contractor, working under his/her own supervision and direction and is not a representative or employee of COUNTY nor is the CONTRACTOR a partner or in any way directly affiliated with the COUNTY. CONTRACTOR agrees to file tax returns, report compensation and pay all applicable taxes on amounts paid pursuant to this Contract.
5. **Ownership.** CONTRACTOR by execution of this contract acknowledges that this is a *Work for Hire* agreement and hereby grants ownership of all work performed by the CONTRACTOR under this agreement to the COUNTY. The COUNTY shall retain the exclusive right of ownership to the work, products, inventions and confidential information produced in performance of this contract for the COUNTY by the CONTRACTOR.
6. **Confidentiality.** The CONTRACTOR shall comply as follows and in accordance with the required performance of this contract:
 - a. All applications, records, data or any information concerning any individual made or kept by any public office, officer or department obtained by the CONTRACTOR in the performance of duties or as a consequence of performing said duties, shall be the confidential property of the COUNTY and shall not be communicated, transmitted, reproduced or in any other way conveyed to any person not directly a party to this contract, its terms and conditions in accordance with all applicable laws and regulations including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and any implications thereof including destruction of records or data as appropriate under compliance criteria.
 - b. No person will publish or disclose or permit or cause to be published or disclosed any data, facts, figures, list of persons or any other form of information obtained by the CONTRACTOR in the performance of duties or as a consequence of performing said duties. No person shall publish, disclose, or use or permit, or cause to be published, disclosed or used any confidential information pertaining to any individual or group of individuals obtained by the CONTRACTOR in the performance of duties or as a consequence of performing said duties.
 - c. CONTRACTOR agrees to inform all employees, agents, associates and partners on the above provisions and that any person knowingly and intentionally violating the provisions of this clause is guilty of a misdemeanor. CONTRACTOR shall bear equal responsibility for any violation of the provisions of this paragraph.
 - d. CONTRACTOR agrees and understands that if confidential information concerning any

individual made or kept by any public office, officer or department is obtained by the CONTRACTOR and included on any memory device that may be housed in a computer, or other device (such as a "PDA") may become subject to Federal HIPAA requirements and/or any state or local regulations that apply which could result in surrender of the hard drive, sanitization or the destruction thereof in accordance with Department of Defense (DoD) 5220.22-M standard and/or industry standards current to time of the release of the equipment which ever represents the greatest level of (permanent) information destruction. At the very least, at the end of this contract, CONTRACTOR may be required to stipulate to the fact that no such files exist.

7. **Termination.** This Contract may be terminated by either the COUNTY or CONTRACTOR by a thirty day written notice. Authorized costs incurred by the CONTRACTOR will be reimbursed up to the date of termination. Notwithstanding anything stated to the contrary herein, this Contract shall expire on the Completion Date indicated in the above Variable Information Table unless the Completion Date is modified by written amendment to this Contract.
8. **Indemnification.** CONTRACTOR agrees to accept responsibility for loss or damage to any person or entity, and to defend, indemnify, hold harmless and release the COUNTY, its officers, agents and employees from and against any and all actions, claims, damages, disabilities or expenses that may be asserted by any person or entity, including CONTRACTOR, to the extent arising out of or in connection with the negligent acts or omissions or willful misconduct in the performance by CONTRACTOR hereunder, whether or not there is concurrent negligence on the part of the COUNTY, but excluding liability due to the active negligence or willful misconduct of the COUNTY. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for CONTRACTOR or its agents under worker's compensation acts, disability benefit acts, or other employee benefits acts. CONTRACTOR shall be liable to COUNTY for any loss of or damage to COUNTY property arising out of or in connection with CONTRACTOR's negligence or willful misconduct.
9. **Right to Monitor/Audit and Associated Liability.** It being understood by the parties hereto that the COUNTY's funding source herein may be COUNTY, State and/or Federal appropriation, and therefore CONTRACTOR is responsible for administering the program as described herein, CONTRACTOR agrees to accept responsibility for receiving, replying to and/or complying with an any audit of this project which may be deemed appropriate or required in compliance with COUNTY, State or Federal mandates and to reimburse the COUNTY for any liability upon the COUNTY for any discrepancy resultant from said audit exceptions or for any liability that result from a breach of contract, misrepresentation or inaccuracy.
10. **Record Retention and Availability.** CONTRACTOR shall maintain and preserve all records related to this agreement in its possession (or will assure the maintenance of such records in the possession of any third party performing work related to this agreement) for a minimum period of three (3) years from the effective date of this agreement, or until all State and/or Federal audits are complete, whichever is later. Upon request, CONTRACTOR shall make available copies of these records to COUNTY, State or Federal Governments' personnel, including but not limited to the State Auditor General. In the event that this contract is related to a FEMA grant record retention shall be three years from the date of the Grant Close-out letter.
11. **Insurance Requirements.** CONTRACTOR shall procure and maintain for the duration of this Contract, insurance against claims for injuries to persons or damages to property which may arise from, or be in connection with the performance of the Work hereunder by CONTRACTOR, CONTRACTOR's agents, representatives, employees and subcontractors. At the very least, CONTRACTOR shall maintain the insurance coverage, limits of coverage, and other insurance requirements as described in Attachment II to this Contract.
12. **Changes to the Contract.** Changes to this Contract may only be approved by written amendment to this Contract. No alteration or variation of any term or condition of this agreement shall be valid unless made in writing, signed by the parties hereto in accordance with COUNTY Policies and Procedures.

No oral understanding or agreement not incorporated as a duly authorized written amendment shall be binding on any of the parties hereto.

13. **Representations and Warranties.** CONTRACTOR by execution represents the skill, knowledge, proficiency and expertise to perform as herein stipulated and warrants that the credentials presented herein Attachment VI are authentic, current and duly granted.
14. **Contractor's Standard of Care.** COUNTY has relied upon the professional ability, experience, and credentials presented and represented by the CONTRACTOR as a material inducement to enter into this Contract. CONTRACTOR hereby warrants that all of CONTRACTOR's work will be performed in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable Federal, State and local laws, it being understood that acceptance of CONTRACTOR's work by COUNTY shall not operate as a waiver or release. Where applicable, the CONTRACTOR shall maintain the appropriate certification(s), license(s) or accreditation(s) through the life of this contract, as submitted and stipulated herein Attachment VI and make them available for audit upon request by the COUNTY.
15. **Termination for Exceeding Maximum Level of Expenditures.** Contracts exceeding the monetary limits delegated to the Purchasing Agent, or authorized deputies, are not valid unless duly executed by the Chair of the Board of Supervisors. If this Contract was executed for the COUNTY of Butte by the Purchasing Agent, or authorized deputy, this Contract shall automatically terminate on the date that the provision of services or personal property or incurring of expenses, the cumulative total of which, exceeds the amount prescribed by Government Code Section 25502.5 for personal services contracts or the amount prescribed by Public Contract Code Section 22032 (b) for public works contracts.
16. **Termination for Exceeding Maximum Term.** Contracts exceeding the three year term delegated to the Purchasing Agent, or authorized deputies, are not valid unless duly executed by the Chair of the Board of Supervisors. If this Contract was executed for the COUNTY of Butte by the Purchasing Agent, or authorized deputy, this Contract shall automatically terminate on the date that the term exceeds three years. Amendments to this Contract, or new Contracts for essentially the same purpose, shall not be valid beyond the three year limitation unless duly executed by the Chair of the Board of Supervisors.
17. **Compliance with Laws.** CONTRACTOR shall comply with all Federal, State and local laws, rules and regulations including, without limitation, and not limited to any nondiscrimination laws. Specifically, the CONTRACTOR by executing this agreement stipulates and certifies that as an individual or as an entity, complies in good faith as well as all actions the following regulatory requirements at least but not limited to:
 - a. Non-discrimination with regard to minority, women, and disabled veteran-owned business enterprises; hiring practices on the basis of race, color or national origin, gender, handicaps or age.
 - b. Environmental protection legislation and in particular regarding clean air and water, endangered species, handling or toxic substances and the public right to know.
 - c. Drug Free workplace, Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act and Public Health Service Act
 - d. National Labor Relations Board Public Contract Code 10296.
 - e. Domestic Partners – Public Contract Code 10295.3.
 - f. ADA 1990 42 USC 12101 et seq.
18. **Applicable Law and Forum.** This Contract shall be construed and interpreted according to California law and any action to enforce the terms of this Contract for the breach thereof shall be brought and tried in the Superior Court of the County of Butte.
19. **Contractor Performance and the Breach Thereof.** The COUNTY may terminate this agreement and is relieved of the payment of any consideration to CONTRACTOR should CONTRACTOR fail to perform the covenants herein contained at the time and in the manner herein provided. CONTRACTOR shall be notified in a timely manner of default and provided 30 days in which to remedy the default. If at the end of the 30 days, if remedy is not made or does not satisfy the default, the COUNTY shall notify

the CONTRACTOR of the breach and thereby the termination of this contract. In the event of such termination, the COUNTY may proceed with the work in any manner deemed proper by the COUNTY. The cost to the COUNTY shall be deducted from any sum due the CONTRACTOR under this agreement and the balance, if any, shall be retained by the COUNTY.

20. **Contradictions in Terms and Conditions.** In the event of any contradictions in the terms and/or conditions of this Contract, these Attachment I TERMS AND CONDITIONS shall prevail.
21. **No Delegation Or Assignment.** Provider shall not delegate, transfer or assign its duties or rights under this Agreement, either in whole or in part, directly or indirectly, by acquisition, asset sale, merger, change of control, operation of law or otherwise, without the prior written consent of COUNTY and any prohibited delegation or assignment shall render the contract in breach. Upon consent to any delegation, transfer or assignment, the parties will enter into an amendment to reflect the transfer and successor to CONTRACTOR. COUNTY will not be obligated to make payment under the Agreement until such time that the amendment is entered into.
22. **Conflict of Interest.** CONTRACTOR and CONTRACTOR'S employees shall have no interest, direct or indirect, which will conflict in any manner or degree with the performance of services required under this contract.
 - a. This contract is entered into by COUNTY upon the express representation that CONTRACTOR has no other contracts in effect with COUNTY except as described on Exhibit "A" hereto attached. Exhibit "A" is hereby made part of this contract by its reference herewith and hereby subjugated to these General Terms and Conditions (Attachment I).
 - b. CONTRACTOR understands and will adhere to the COUNTY's policy that no contracts shall knowingly be issued to any current COUNTY employee or his/her immediate family or to any former COUNTY employee or his/her immediate family until two years after separation from employment, without notifying the Director of the Department of Human Resources in writing:

Director of Human Resources
3 County Center Drive
Oroville, CA 95966
 - c. CONTRACTOR stipulates by execution of this contract that they have no business or other interest that provides any conflict with the interest of the County of Butte in the matters of this agreement. CONTRACTOR recognizes that it is a breach of ethics to not disclose any interest that may be a conflict to the COUNTY for the advice of County Counsel on the matter prior to executing this contract.
23. **Canon of Ethics.** CONTRACTOR by execution of this contract agrees to act in the best interest of and on behalf of the County of Butte and its constituents in all matters, honest, fair, prudent and diligent as dictated by reasonable standards of conduct for their profession.
24. **Severability.** The terms and conditions of this contract shall remain in force and effect as a whole separate from and even if any part hereof the agreement is deemed to be invalidated.
25. **No Implied Waiver.** In the event that The COUNTY at any point ignores or allows the CONTRACTOR to break an obligation under the agreement, it does not mean that COUNTY waives its future rights to require the CONTRACTOR to fulfill those obligations.
26. **Entirety of Agreement.** This contract inclusive of all Attachments herein is stipulated and made part of the contract constitutes the entire agreement between these parties.

EXHIBIT "A"

Acknowledgement of OTHER COUNTY Contracts

List any and all contracts that you have with COUNTY agencies. If none, you must stipulate "none." This cannot be left blank or omitted from the contract.

1 – General Services

ATTACHMENT II
INSURANCE REQUIREMENTS For Professional Services Contract

Before the commencement of work, Contractor shall submit to County: (1) **Certificates of Insurance** for all relevant coverages listed in Section A below; (2) All **Endorsements** listed in Section B below; and (3) a "**Declarations Page**" listing the titles of all endorsements to the Commercial General Liability (CGL) policy.

A. MINIMUM SCOPE LIMIT OF INSURANCE – Coverage shall be at least as broad as:

- 1.) **Commercial General Liability.** Insurance Services Office (ISO) "occurrence" form CG 00 01 12 07 CGL or equivalent on an "occurrence" basis, including bodily injury, property damage, contractual liability, medical expenses for any one person, personal and advertising injury, products-completed operations coverage and policy limits of no less than **\$1,000,000 per occurrence**. If a general aggregate applies, either the general aggregate shall apply separately to this project/location or the general aggregate shall be twice the required occurrence limit.
- 2.) **Automobile Liability Insurance.** ISO form CA 0001 covering (any auto) Code 1 or if Contractor has no owned autos, hired (Code 8) and non-owned autos (Code 9), with limits no less than \$250,000 per passenger and \$500,000 for all passengers. *(Not required if Contractor provides written verification he or she will not be using a vehicle to perform the scope of work described in the contract.)*
- 3.) **Workers' Compensation Insurance.** As required by the State of California with Statutory Limits and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury and disease. *(Not required if Contractor provides written verification he or she has no employees.)*
- 4.) **Professional Liability (Errors and Omissions) Insurance.** (If applicable. See Note below.) Insurance appropriate to the Contractor's profession with limits no less than \$1,000,000 per claim, and \$2,000,000 aggregate. *(Note: Professional liability insurance coverage is normally required if the Contractor is providing a professional service regulated by the State. For example, insurance agents, professional architects and engineers, doctors, lawyers, nurses and certified public accountants. However, other professional Contractors not regulated by the State, such as computer or software designers, claims administrators, consultants, and others should also have professional liability insurance. If the contracted service requires "brain work, as opposed to "physical work", then professional liability insurance will most likely be required.)*

If Contractor maintains higher limits than the minimums shown above, County shall be entitled to the higher limits.

B. INSURANCE POLICY ENDORSEMENTS

1. The Commercial General Liability policy shall contain or be **endorsed** to contain the following:

The County, its officers, officials, employees, and volunteers are covered as additional insured's on the CGL policy with respect to liability arising out of work performed or operations performed on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations.

For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance as respects the County, its officers, employees and volunteers. Any insurance or self insurance maintained by the County, its officers, employees and volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

The insurance afforded by this policy shall not be cancelled except after thirty days prior written notice by certified mail return receipt has been given to the County. *(Note: We recommend contractor's insurance carrier insert the language above into ISO form 20 10 11 85; or if that form is not available, later additions editions of ISO forms CG 20 10 and CG 20 37. We will also accept a Blanket Additional*

Insured Endorsement, as long as it provides coverage equal to coverages noted in Section A1 above and all items listed in Section B above.)

2. Workers' Compensation Insurance.

The Contractor's Workers' Compensation Insurance policy shall contain or be **endorsed** to contain a waiver of subrogation in favor of the County, for all work performed by Contractor, its employees, agents and subcontractors.

C. OTHER INSURANCE PROVISIONS

1. Primary Coverage - For any claims related to this contract, Contractor's insurance shall be primary insurance as respects the County, its officers, employees and volunteers. Any insurance or self insurance maintained by the County, its officers, employees and volunteers shall be excess of the Consultant's insurance and shall not contribute with it. However, Contractor's insurance may contribute with other additional insureds providing primary insurance coverage for the same "occurrence", offense, claim or suit.

2. Notice of Cancellation - Each insurance policy required above shall not be canceled, except after thirty (30) days' prior written notice (10 days for non-payment) has been given to the County.

3. Waiver of Subrogation - Contractor hereby grants to County a waiver of any right to subrogation that an insurer of said Contractor may acquire against the County, by virtue of payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the County received a waiver or endorsement from the insurer.

4. Deductibles and Self Insured Retentions - Any deductibles or self insured retentions must be declared and approved by the County. The County may require the Contractor to provide proof of ability to pay losses and related investigations, claims administration, and defense costs within the retention.

5. Acceptability of Insurance Carriers - Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to County. *(A.M. Best Ratings can be accessed over the internet for no cost at www.ambest.com).*

6. Claims Made Policies

If any of the required policies provide coverage on a claims-made basis then the following requirements must be met:

a.) The Retroactive Date of the policy must be shown and must be before the contract or beginning of contract work.

b) Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract work.**

c) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after the completion of contract work.

7. Verification of Coverage - Contractor shall furnish the County certificates of insurance and original endorsements affecting coverage required by this clause. All certificates of insurance and endorsements are to be received by the County before work under the contract has begun. The County reserves the right to require complete, certified copies of all insurance policies required by this contract.

Certificates of insurance shall state that the insuring agency agrees to endeavor to mail to County written notice 30 days before any of the insurance policies described herein are cancelled.

Contractor agrees to notify County within two working days of any notice from an insuring agency that cancels, suspends, reduces in coverage or policy limits the insurance coverages described herein.

8. Subcontractors - Contractor will require and verify that all subcontractors maintain insurance meeting all the requirements stated herein or cover subcontractors under their insurance policies. Upon request, Contractor shall provide County proof that all subcontractors are covered by their own insurance or the Contractor's insurance policies.

9. Special Risk or Circumstances - County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage or special circumstances.

**ATTACHMENT VI
PROFESSIONAL CREDENTIALS**

The CONTRACTOR herein presents the required and essential credentials for performance of this contract and warrants them to be authentic, current and duly granted.

EES is a registered professional engineering and management consulting firm that provides a variety of project solutions related to electric, natural gas, telecommunications, water, wastewater, and other energy and natural resource related businesses. EES has performed technical feasibility studies for other agencies in California as well as assisting in the formation of a Community Choice Aggregation (CCA) program, including drafting the required Implementation Plan for the California Public Utilities Commission (CPUC), creation of business plans, and submitting filings in CPUC proceedings.

ATTACHMENT III Scope of Work

Unless indicated otherwise herein, the CONTRACTOR shall furnish all labor, materials, transportation, supervision and management and pay all taxes required to complete the project described below:

Prior to the end of the contract term an assessment may be made of the value of the professional services herein delineated and thus far received. At the conclusion of the assessment, it may be determined that the CONTRACTOR owes certain fulfillment and/or deliverables for which the remaining payments may be withheld up to 20% of the contract. The assessment may determine that there is additional work to be amended to this scope of work. In the event of an amendment, the CONTRACTOR shall be notified and the amendment submitted and duly authorized in accordance with COUNTY Policy and Procedure. Otherwise, pertaining to this contract's scope of work it is the CONTRACTOR's responsibility to remain within the term and amount of the contract. If the terms and/or conditions of this contract including the amounts, rates, time and/or duration are exceeded in any way without fully executed amendment, the CONTRACTOR may not be reimbursed.

Contractor shall provide an evaluation regarding implementation of a Community Choice Aggregation energy delivery program to determine the feasibility of such a program in terms of both providing competitively priced energy solutions, while also reducing environmental impact in the delivery of energy products and creating local economic benefits.

Contractor's Responsibilities

Contractor shall work closely with County staff to provide an analysis of Community Choice Aggregation (CCA) in Butte County that takes into account the County's stated priorities. These priorities include providing competitive rates, creating local economic benefits, and reducing environmental impacts from electricity generation. With these local priorities as a guide, Contractor shall prepare a Feasibility Report (Report) that provides a range of scenarios for possible CCA operation in Butte County.

The Report shall incorporate a 10-year forecast of electric loads, Pacific Gas & Electric (PG&E) rates, CCA power supply options, and associated CCA rates. Contractor shall also evaluate and present the economic impacts associated with CCA formation and provide an extensive sensitivity and risk analysis. A pro-forma financial statement shall be provided to break down annual rate levels and financial reserves. Contractor shall document methods and assumptions and provide County with its analytical modeling tools to ensure County is satisfied with the model inputs and results presented in the report.

Duties and obligations of the CONTRACTOR:

The following tasks identify elements of the final feasibility Report (Report) to be presented. At the completion of each Task, Contractor shall provide to County copies of the raw data used to perform the analysis and a draft summary of the findings. Contractor may submit invoices to bill for progress at the completion of each identified Task, and in accordance with the Task Budget presented under "Compensation" in this agreement. Contractor shall provide the Draft Feasibility report for discussion with County within seven (7) months of the date of execution of this agreement. The Final Feasibility report, incorporating any necessary or requested adjustments, shall be completed and provided to County within eight (8) months of the date this agreement is executed. Contractor shall provide County with twenty-five (25) hard copies of the Final Feasibility report and one digital copy in PDF format.

Task 1 – Load Analysis and Forecast

Contractor shall procure and verify historic load data from PG&E for Butte County, including the cities of Chico, Oroville, and the Town of Paradise as potential CCA Members.

Load data shall be aggregated by rate schedule for monthly energy use, peak demand, and number of accounts.

Contractor shall use this data in conjunction with projections of regional population growth and change in the average energy use per customer to create and provide in the Report a 5-year monthly forecast and a 10-year annual forecast of retail energy sales by customer class. The forecast shall include a base scenario, as well as worst- and best-case scenarios, based on variation in load growth and customer participation in the CCA. Contractor shall also estimate monthly peak demand for each rate class to determine the CCA's resource adequacy requirements (RAR). Contractor shall process raw PG&E customer data and translate it into the necessary load curves. PG&E standard transmission and distribution losses shall then be applied to evaluate wholesale energy purchase needs. Load reduction from energy efficiency and distributed generation shall be modeled separately to allow for analysis of several scenarios based on economic and technical potential.

Task 2 – Rate Analysis

Electricity rates for CCA customers include three components: the CCA's cost of generation, PG&E's cost for transmission and distribution (T&D), and regulated charges such as the Power Charge Indifference Adjustment (PCIA). Contractor shall develop and provide in the Report a *low*, *medium*, and *high forecast* for each of these components in addition to a forecast of PG&E's own rates to evaluate the competitiveness of the CCA under each scenario. Contractor shall develop CCA generation cost forecasts for a range of possible power supply portfolios (described under Task 3) as well as under varying market conditions. Base case assumptions shall draw on current energy market trends and forecasts of market prices, carbon costs, and renewable cost projections. High and low price scenarios shall allow County staff to understand the range of potential energy costs and the risks associated.

PG&E's power supply rate projection shall be based on PG&E's latest power supply filings, procurement strategy, projected generation costs, and Renewable Portfolio Standard (RPS) requirements. PG&E's T&D rates shall be forecasted based on distribution system investment trends, recent rate filings, and the revenue requirements stated in PG&E's most recent California Public Utilities Commission filing. Finally, Contractor shall evaluate the range of possible regulated charge costs, such as for the PCIA.

The PCIA is a charge enforced by the CPUC to ensure that stranded generation costs are not disproportionately passed on to PG&E's remaining bundled customers as CCAs are formed. Contractor shall monitor all CCA-relevant CPUC proceedings very closely and ensure the regulated charge forecast accounts for the most up-to-date regulations.

Task 3 – Energy Procurement and Environmental Impact

Contractor shall present in the Report multiple power supply portfolios to provide options for County. Scenarios will vary in their share of renewable energy, composition of renewable resources (e.g., in-state, in-county, out-of-state, renewable energy credits, or technology preferences), and non-renewable portfolio attributes (e.g., system purchases, natural gas, hydroelectric). Contractor shall present in the Report three possible scenarios as examples of the options:

- **Option 1:** Minimum Renewable Portfolio Standard compliance to provide the lowest possible rates for customers.
- **Option 2:** 50% RPS with 10% less Greenhouse Gas (GHG) intensity than PG&E.
- **Option 3:** Start with 50% renewables and build up to 80% of the CCA's total load being met by California eligible renewables by the end of Year 5 of the Program.

The energy procurement analysis shall also explore alternative supply options such as energy efficiency programs and local renewable projects (e.g., distributed generation or community solar). To evaluate such local opportunities for the CCA, Contractor shall correspond with potential electric service providers to determine indicative pricing, as well as California Independent System Operator (CAISO) and administrative costs. All scenarios shall consider that consumers would be able to opt-up to a 100% renewable option, which would be offered on a premium, voluntary basis, with a substantial portion of the electricity from in-State and local renewable resources.

In the Report, Contractor shall discuss multiple strategies for power supply procurement including staging of contracts and options for increasing renewable power percentage over time. Contractor shall review potential electric service providers, the cost of using these power sources, and their capacity to

serve Butte County. The cost of service shall be quantified under each scenario, and related rate impacts and estimates of the projected costs for each supply portfolio scenario shall be provided. Finally, Contractor shall calculate the environmental impacts (i.e., GHG emissions reductions) of each power supply scenario in order to ensure the resource portfolios meet CCA goals and include this analysis in Report.

Task 4 – Economic Impacts

Contractor shall present in the Report the economic vitality a CCA might bring to the communities it serves. Contractor shall use an economic input-output model to estimate the magnitude of CCA impacts on the economy. Specifically, Contractor shall use the National Renewable Energy Laboratory's (NREL) Jobs and Economic Development Impact (JEDI) model to evaluate the impact of local projects on jobs, and increased local spending. In addition, Contractor shall estimate the benefit to the local economy of trickle-down effects due to any bill savings to CCA customers. These bill savings shall be evaluated using MIG's IMPLAN input-output model.

Contractor shall also present strategies to minimize program costs. For example, behind the meter demand-side management costs may be reduced by offering a standardized menu of options from which all CCA participants may select. By standardizing options, the administrative and implementation costs can be reduced without diminishing the benefits of the programs. A second cost minimization strategy is to arrange power procurement, scheduling, dispatching, and balancing with an entity that already provides these services to other electric utilities.

Task 5 – Sensitivity Analysis

Contractor shall examine and shall include in the Report, each portfolio option under a range of conditions to ensure that the recommended resource plan is appropriate under unexpected market and regulatory conditions. The sensitivity analysis shall be performed for the following key variables, including:

- Market prices for conventional and renewable energy
- Program phase-in at varying supply levels
- Changes in PG&E generation rates, exit fees, and customer surcharges, and other possible PG&E rate changes
- Changes in policies affecting local renewables development, including possible net metering, federal solar tax credit, and wind power production tax credit changes
- Extent to which rates may change depending on varying levels of participation
- Rate sensitivity to the inclusion of renewable energy resources at levels that exceed the state RPS
- Rate sensitivity to the inclusion of local renewable generation, energy efficiency, demand response, and demand reduction programs
- Customer opt-out rates (low, medium, and high scenarios)
- Impact of new policies and/or regulations related to CCAs
- Identification of any anomalies, either challenges or opportunities, in the service area related to geographic, demographic, or economic circumstances

Task 6 – Comparative Analysis and Implementation Models

Contractor shall evaluate and present in Report, three CCA governance structures: a CCA operated by a Joint Powers Authority (JPA), joining an existing California CCA or other on-going CCA formation effort, and a CCA operated by a third-party administrator. Report will present relative pros and cons of each structure as they pertain to management efficiency and effectiveness, financial impacts, and decision-making autonomy and discretion.

Task 7 – Pro Forma Analysis

The pro forma analysis shall provide County with itemized annual CCA operating expenses over the 10-year analysis period. These costs shall include staffing, data management, customer service, legal

services, marketing, accounting, and all power procurement costs such as scheduling, transmission, surcharges and any other applicable charges. Contractor shall also detail collection of reserves to provide emergency rate stabilization for the CCA in the future. These operating costs shall be based on the operating costs of existing CCAs and scaled for the size of Butte County.

Based on these expenses, Contractor shall estimate the total CCA revenue requirement and resulting unit costs for 10-years of operation. Projected revenues shall be compared to the annual revenue requirement to identify a rate for existing monthly rates and charges. If necessary, the Plan can be tailored to phase-in rate changes over time. The Report will identify a “minimum size” for the feasibility of a Power Butte CCA.

In addition, Contractor shall develop and present to County, multiple financing plans for major capital expenditures and credit facilities, including additional debt and cash requirements. For each financing plan, Contractor shall determine the impact of projected revenues and expenses on the CCA’s debt-related financial ratios. If the financial targets are not met, the plan shall identify deficiencies in revenues and the resulting needed rate changes.

Task 8 – Risk Analysis

Contractor shall evaluate and include in Report, a range of risks and risk mitigation strategies associated with CCA formation and operation. The business plan shall address challenges faced by existing CCAs, as well as those anticipated for new CCAs over the next 10 years. For each risk category identified below, the business plan shall describe causes, effects, potential impact, likelihood of occurrence, and strategies to mitigate them. Based on the results of this analysis, risks can then be anticipated and addressed through changes in program policy, contract terms, insurance, financing, and modification of management practices. Specific risks to be analyzed and included in the report are:

- Customer participation (opt-out rates)
- Power Charge Indifference Adjustment (PCIA) and other regulated surcharges
- Wholesale power procurement risks (such as market fluctuation)
- Natural gas price changes
- PG&E rate restructuring
- Regulatory and legislative changes impacting CCA financial viability
- Financing and debt risks
- Financing of renewable and distributed energy resource (DER) facilities
- Tenants and low-income participants
- Administration and job training risk
- Labor cost risk

The Report shall also identify strategies for mitigation of each of these risks including:

- Diversifying power contract duration and resource portfolio
- Program design strategies including targeting, neighborhood ownership, and permitting
- Alternative financing strategies
- Substitution clauses
- Inter-agency planning

Community Engagement

Contractor shall support the County in educating local stakeholders and present the County approved draft Report at up to ten community events. Contractor shall develop web sites, provide collateral materials, and support public meetings and events to introduce energy programs.

Estimated Timeline Per Contracted Tasks

Milestone/Activity	Month (from start of contract)									
	1	2	3	4	5	6	7	8	9	10
Task 1 Load Analysis and Forecast	■	■								
Task 2 Rate Analysis	■	■								
Task 3 Energy Procurement		■	■	■						
Task 4 Economic Impacts		■	■	■	■					
Task 5 Sensitivity Analysis					■	■				
Task 6 Implementation Models					■	■				
Task 7 Pro Forma Analysis					■	■				
Task 8 Risk Analysis					■	■				
Draft Feasibility Report							■			
Final Feasibility Report								■		
Presentation to CCA Members									■	
Presentation to Public										■

Compensation

The maximum amount billable under this contract is \$94,000.00. Contractor shall be paid in accordance with the following schedule of fees. Out-of-pocket travel expenses shall be billed separately at their actual cost with the proper documentation (not to exceed \$10,000).

President	\$200
Senior Associate	\$195
Manager	\$190
Senior Project Manager.....	\$185
Project Manager	\$180
Senior Analyst/Engineer.....	\$175
Analyst/Engineer	\$170
Senior Administrative Assistant.....	\$120

Task	Labor Cost
1 Load Analysis and Forecast	\$14,000.00
2 Rate Analysis	7,000.00
3 Energy Procurement	5,000.00
4 Economic Impacts	8,000.00
5 Sensitivity Analysis	5,000.00
6 Comparative Analysis and Implementation Models	10,000.00
7 Proforma Analysis	12,000.00
8 Risk Analysis	8,000.00
Community Engagements	15,000.00
TOTAL LABOR BUDGET	\$84,000.00

PRODUCT DELIVERY AND PAYMENT

1. Task 1 (Load and Forecast Analysis) and Task 2 (Rate Analysis) shall be due on approximately July 14, 2017;
2. Task 3 (Energy Procurement & Environmental Impact Analysis) and Task 4 (Economic Impacts Analysis) shall be due on approximately September 15, 2017;
3. Task 5 (Sensitivity Analysis), Task 6 (Comparative and Implementation Models Analysis), Task 7 (Proforma Analysis) and Task 8 (Risk Analysis) shall be due on approximately November 17, 2017;
4. Complete draft report, final report and communication actions (web sites, collateral materials, attendance at various public meetings) shall be due/completed by March 31, 2018.

County shall make every effort to pay Contractor within 30 days of date of invoice.

Invoices shall be mailed and/or emailed to:
Butte County Administration
Attn: Brian Ring
25 County Center Drive, Suite 200
Oroville, CA 95965
bring@buttecounty.net

Duties and obligations of the COUNTY:

County shall work with Contractor to provide data and/or project materials necessary to complete the technical feasibility analysis. County shall designate a Project Manager to be the main point of contact for Contractor.