

CALIFORNIA ENERGY COMMISSION

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March 14, 2011

TO: INTERESTED PARTIES
SUBJECT: Technical Support and Training for the Electricity Supply Analysis
RFP #800-10-801, Addendum #1

Notice Is Hereby Given That The Above RFP Is Amended As Follows:

- ***Section II, Scope of Work and Deliverables, dated February 7, 2011, is hereby amended as follows:***
- *“Replace Section II, Scope of Work and Deliverables, Task 2.14 with the following:*
 - **2.14:** Based upon the results of Tasks 2.8 and 2.9, if requested in a written work authorization from the Commission Contract Manager, assist in the further development and refinement of in-house tools for compiling and analyzing data, including but not limited to hourly and sub-hour data on generation, electrical loads, and transmission flows, and/or provide further technical support for the development of spreadsheet- and programming-based tools designed to facilitate the compilation and representation of data in useful formats, and summarize said data both statistically and graphically; utilizing the results of Tasks 2.8 and 2.9, continue the development and refinement of interfaces to further facilitate the ease of use of said tools.”
- ***Section III, Evaluation Process and Criteria, dated February 7, 2011, is hereby amended as follows:***
- *“Replace Section III, Evaluation Process and Criteria, pages 18-21 with the attached Section III, Evaluation Process and Criteria, dated March 14, 2011.”*

Attached are the following documents: Question and Answers, Updated Evaluation Criteria.

Sincerely,

Andrew Ferrin,

Contracts Officer

Questions and Answers

RFP 800-10-801

1. What methods or tools is the Energy Commission using for gas assessment and forecasting?

- Is the Energy Commission satisfied with the current methods?

The Energy Commission staff uses the MarketBuilder platform, originally developed by Altos and now owned by Deloitte Market Point LLC, from which it constructed the World Gas Trade Model (WGTM) for natural gas assessments and forecasting. The Energy Commission staff is currently satisfied with the model. Last year, however, Energy Commission staff reviewed a number of models before deciding to continue using the MarketBuilder platform. Nevertheless, staff is always looking for improvements on the models and ways to interpret the results of the model. The Energy Commission also receives important natural gas data that is used to build the data set that goes into the model from: Natural Gas Intelligence (<http://intelligencepress.com>), the Energy Information Administration (<http://www.eia.doe.gov/>), Lippman consulting (<http://www.lippmanconsulting.com/>), the National Petroleum Council (<http://www.npc.org/>) Rice University (<http://www.rice.edu/>), and International Energy Agency, (<http://www.iea.org/>). Reviewing the uncertainties surrounding the data sets, inputs, assumptions and outputs is a critical step to derive useful results.

2. What methods or tools is the Energy Commission using for demand forecasting?

- Is the Energy Commission satisfied with the current methods?

Energy Commission staff will be using both end-use models and econometric models in the next forecast. The Energy Commission always strives to improve its methods. Staff is taking a serious look at its methodologies and may make some significant changes in the next few years. For more information on the demand forecasting methodology see the power point presentation for the 2011 forecast. This can be found at: http://www.energy.ca.gov/2011_energy_policy/documents/2011-02-24_workshop/presentations/04_CEC-Kavalec_econ_assump_feb_24.pdf.

3. What types of evaluation methodologies is the Energy Commission currently using in support of AB2021?

Different evaluation methodologies were used for a number of utilities including interviews and site visits. The California Energy Commission's 2009 AB 2021 progress report goes into detail the different evaluation methodologies used for the utilities that were studied. This report can be found at: <http://www.energy.ca.gov/2010publications/CEC-200-2010-006/CEC-200-2010-006.PDF>. The evaluation methodologies are discussed in Appendix A which starts on page 125.

4. In Task 2, task 2.14 appears to be the equivalent of task 2.8 and 2.9. Can we eliminate some of these tasks?

A: These tasks are similar in scope; however, they are sufficiently distinguished to allow us to revisit similar questions. For example, say we authorize a Work authorization under sub-task 2.8 and out of that Work Authorization we recognize the need for additional work that is similar to sub-task 2.8. We are not authorized to revisit sub-task 2.8; we would be required to write a new Work Authorization under 2.9 or 2.14. Having similar sub-tasks gives us the option to revisit similar questions.

EVALUATION CRITERIA

REFERENCES WILL BE CONSIDERED THROUGHOUT THE SCORING PROCESS

If the bidder fails to complete the below forms correctly their bid will be rejected

| ADMINISTRATIVE CRITERIA | PASS | NOT PASS |
|---|------|----------|
| Contractor Status Form | | |
| Darfur Contracting Act Form | | |
| Small Business Certification | | |
| Completed Disabled Veteran Business Enterprise form | | |
| Bidder Declaration form GSPD-05-105 | | |
| Contractor Certification Clauses | | |

| | Criteria | Weight Factor | Points (0-10) | Score |
|---|---|---------------|---------------|-------|
| TECHNICAL CRITERIA | | | | |
| 1. PRIME CONTRACTOR | | | | |
| | Contract Management | | | |
| a. | Organizational chart shows efficient, well-defined team structure | 1 | | |
| b. | Availability of key personnel | 1 | | |
| c. | Demonstrated breadth and depth of experience with contractor/subcontractor management | 1 | | |
| d. | Responsiveness to Work Statement requirements | 2 | | |
| e. | Demonstrated breadth and depth of coverage for all technical areas and functions to be performed by Prime and Team Members | 2 | | |
| f. | Quality control process | 2 | | |
| g. | Quality of example(s) of similar project(s) managed by the prime contractor | 2 | | |
| h. | Demonstrated experience and success at managing multiple, complex issues | 1 | | |
| | Administrative Capabilities | | | |
| i. | Word processing | 1 | | |
| j. | Technical writing | 1 | | |
| k. | Spreadsheet expertise | 1 | | |
| 2. TEAM QUALIFICATIONS: Electricity System and Infrastructure Analysis | | | | |
| a. | Demonstrated breadth and depth of knowledge of and experience with transmission and distribution systems and how they are affected by capacity expansions, long term resource and capacity expansion planning (10-20 years) | 1 | | |
| b. | Demonstrated breadth and depth of knowledge of analyzing impacts of power plants location, including interconnection in | 1 | | |

| | Criteria | Weight Factor | Points (0-10) | Score |
|---|--|---------------|---------------|-------|
| | the power grid | | | |
| c. | Demonstrated breadth and knowledge of integrating variable energy resources, how hydro and fossil generation and dispatch may be changed to accommodate intermittent renewable generation, energy storage, imported energy, environmental policy, and system stability. | 1 | | |
| d. | Demonstrated breadth and knowledge of trade off utilities could face between power imports and internal capacity which is needed for system reliability | 1 | | |
| e. | Demonstrated breadth and knowledge of electricity distribution systems | 1 | | |
| f. | Demonstrated breadth and depth of knowledge and experience concerning the use of energy efficiency, renewable generation, distributed generation, demand side programs such as demand response and time of use rates, load growth programs, and fossil generation resource development required by Western regulators in the electricity sector | 1 | | |
| g. | Demonstrated breadth and depth of knowledge of and experience with various modeling techniques related to electricity system integration, creating in-house tools, like MS Excel and Access, to compile, analyze, and present data. The data shall include hourly and sub-hourly data on generation, electrical loads, transmission flows, and capacity factors for intermittent resources such as wind and solar. | 1 | | |
| h. | Demonstrated depth and quality of work examples | 1 | | |
| i. | Demonstrated breadth and depth of knowledge with distributed generation, this shall include: costs, economics, operating characteristics, regulation/incentives, requirements or potential problems of to incorporate large amounts of distributed generation into the electricity system. | 1 | | |
| j. | Demonstrated breadth and depth of knowledge of analyzing uncertainties surrounding all types of variables in the power sector | 1 | | |
| 3. TEAM QUALIFICATIONS: Improve Demand Forecasting | | | | |
| a. | Demonstrated breadth and depth of knowledge of and experience with demand forecasting methodologies | 1 | | |
| b. | Demonstrated breadth and depth of experience in assessing the effects on electricity demand of building and appliance standards, energy efficiency, and other demand-side programs | 1 | | |
| c. | Demonstrated breadth and depth of knowledge of and experience with probabilistic forecasting methods | 1 | | |
| d. | Demonstrated depth and quality of work examples | 1 | | |
| 4. TEAM QUALIFICATIONS: Improve Energy Demand Analyses | | | | |
| a. | Demonstrated breadth and depth of knowledge of existing | 1 | | |

| | Criteria | Weight Factor | Points (0-10) | Score |
|--|---|---------------|---------------|-------|
| | and/or potential Resource Adequacy load forecasting methodologies and other areas of technical expertise required to effectively complete Task 4 | | | |
| b. | Proficiency with spreadsheet models and Access database integration | 1 | | |
| c. | Demonstrated breadth and depth of experience in working with hourly load data | 1 | | |
| d. | Demonstrated breadth and depth of analytical skills, including analysis of coincidence | 1 | | |
| e. | Demonstrated depth and quality of work examples | 1 | | |
| 5. TEAM QUALIFICATIONS: Natural Gas Assessment And Forecasting | | | | |
| a. | Demonstrated breadth and depth of knowledge of and experience with Natural Gas Infrastructure including pipelines and storage facilities | 1 | | |
| b. | Demonstrated breadth and depth of knowledge and experience in analyzing CO2 (Carbon Dioxide) regulatory effects on natural gas demand and supply | 1 | | |
| c. | Demonstrated breadth and depth of experience with natural gas forecast modeling platforms | 1 | | |
| d. | Demonstrated breadth and depth of knowledge of natural gas markets, infrastructure, systems, and cost-production factors, and natural gas market trading (e.g., spot and forward curves, futures and swaps, hedging, bilateral contracts, etc.) | 1 | | |
| e. | Experience in developing and implementing technical and analytical natural gas training programs | 1 | | |
| f. | Demonstrated breadth and depth of experience with Shale gas supply and other forms of unconventional Natural Gas (LNG, Natural Gas Hydrates, etc.) | 1 | | |
| g. | Demonstrated depth and quality of work examples | 1 | | |
| 6. TEAM QUALIFICATIONS: Central station and distributed generation market assessment and analysis | | | | |
| a. | Demonstrated breadth and depth of knowledge of and experience assessing and analyzing Combined Heat and Power (CHP) as described in Task 6 | 1 | | |
| b. | Demonstrated breadth and depth of knowledge of and experience with methods and techniques used to evaluate Various CHP and distributed generation technologies | 1 | | |
| c. | Experience in developing, and analyzing the uncertainties of the levelized cost of both fossil and renewable generation technologies | 1 | | |
| d. | Demonstrated breadth and depth of knowledge of and experience with electric utility dispatch methods and modeling techniques | 1 | | |

| | Criteria | Weight Factor | Points (0-10) | Score |
|---|--|---------------|---------------|-------|
| e. | Demonstrated depth and quality of work examples | 1 | | |
| COST CRITERIA | | | | |
| 7. BUDGET AND COST EFFECTIVENESS | | | | |
| | Criteria | Weight Factor | Points | Score |
| a. | Average Hourly Rate. The Score for this criteria will be derived from the mathematical formula set forth below, which compares the cumulative average hourly rate of all hourly rates listed in the subject bidder's Cost Bid, with the cumulative average hourly rate of all hourly rates listed in the Lowest Bidder's cost bid . | 15 | | |
| b | Justification. Bidder has justified all proposed personnel identified in its bid for all technical areas and functions to be performed by Prime and Team Members.0-10 Points available, with a total possible Score of 50 points after application of Weight Factor. | 5 | | |
| 8. SCORING | | | | |
| | Total Possible Cost Points (approximately 30% of Maximum Points Possible) | | | 200 |
| | Minimum Points Required to Pass | | | 462 |
| | Maximum Points Possible (combined Technical and Cost Points) | | | 660 |
| | Disabled Veteran Business Enterprise Preference (1-5%) | | | |
| | Small Business Preference (5%) | | | |
| | Target Area Contract Performance Act Adjustment (5%) | | | |
| | Enterprise Zone Act Adjustment (5%) | | | |
| | Local Agency Military Base Recovery Area Adjustment (5%) | | | |
| | TOTAL SCORE: | | | |

**COST FORMULA FOR CALCULATION OF AVERAGE HOURLY RATE SCORE
(CRITERION 7 A ABOVE).**

(All Points and Scores for criterion 7a will be rounded as illustrated below.

“Lowest Bidder” is defined as the bidder with the lowest cumulative average hourly rate for all prime contractor and subcontractor personnel. For example (using the following arbitrary hourly rates and fictional cost bids):

Bidder 1

Prime contractor

Project Manager: \$100/hr

Subcontractor A

Engineer I: \$90/hr

Engineer II: \$100/hr

Engineer III: \$110/hr

Subcontractor B

Engineer IV: \$120/hr

Bidder 1’s cumulate average hourly rate = $100 + 90 + 100 + 110 + 120$ divided by 5 = \$104

Bidder 2

Prime contractor

Project Manager: \$100/hr

Subcontractor A

Engineer I: \$100/hr

Engineer II: \$110/hr

Engineer III: \$120/hr

Subcontractor B

Engineer IV: \$130/hr

Bidder 2’s cumulate average hourly rate = $100 + 100 + 110 + 120 + 130$ divided by 5 = \$112

Bidder 3

Prime contractor

Project Manager: \$110/hr

Subcontractor A

Engineer I: \$110/hr

Engineer II: \$120/hr

Engineer III: \$130/hr

Subcontractor B

Engineer IV: \$140/hr

Bidder 3's cumulate average hourly rate = 110 + 110 + 120 + 130 + 140 divided by 5 = \$122

In the above examples, Bidder 1 would be the Lowest Bidder.

The formula for calculating the Total Score for criterion 7a is as follows:

Sum of all rates: _____ / Number of Rates Given: _____ = Average Hourly Rate: \$_____

$(\frac{\text{Lowest Bidder's Cumulative Average Hourly Rate}}{\text{Bidder's Cumulative Average Hourly Rate}}) \times 10 = \text{Points}$
Score = Weight Factor X Points

Example #1 of Cost Score Calculation, using the above examples:

Cumulative Average Hourly Rates: Bidder #1 = \$104, Bidder #2 = \$112, Bidder #3=\$122

| <i>Bidder #1</i> 104/104 X 10 = 10 | | | <i>Bidder #2</i> 104/112 X 10 = 9.3 | | | <i>Bidder #3</i> 104/122 X 10 = 8.5 | | |
|---------------------------------------|---------------|--------------------|--|---------------|--------------------|--|---------------|--------------------|
| Weight Factor | Points | Total Score | Weight Factor | Points | Total Score | Weight Factor | Points | Total Score |
| 15 | 10 | 150 | 15 | 9.3 | 139 | 15 | 8.5 | 128 |