

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: APRIL 27, 2020

ITEM NO: 7

SUBJECT: SERVICE AGREEMENT WITH DRILLING INFO, INC. FOR ONLINE LOAD FORECASTING SERVICE FOR THE ENERGY INDUSTRY FOR A THREE-YEAR TERM IN A TOTAL CONTRACT AMOUNT OF \$111,240

ISSUE:

Approve the Service Agreement with Drilling Info, Inc., for online load forecasting service for Riverside Public Utilities for a three-year term in a total contract amount of \$111,240.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve the Service Agreement with Drilling Info, Inc., for online load forecasting service for Riverside Public Utilities for a three-year term in a total contract amount of \$111,240;
2. Approve future annual extensions of the Service Agreement; provided, that such extensions do not materially modify the terms and conditions of the Agreement beyond price escalations not greater than 5% each year thereafter; and
3. Authorize the City Manager, or designee, to execute the Service Agreement with Drilling Info, Inc., and any future amendments to the Agreement under terms and conditions substantially similar or superior to the Agreement, and take all actions deemed necessary, appropriate and advisable to administer the Agreement, including execution of annual extensions, subscription to additional optional services, and termination of the Agreement.

BACKGROUND:

The Resource Operations and Strategic Analytics (ROSA) division uses an online load forecasting service for hourly and five-minute load and temperature forecasts. ROSA currently has an agreement for these services with Pattern Recognition Technologies Inc. (PRT). On November 20, 2017, PRT was acquired by Drilling Info, Inc. (Drilling Info).

DISCUSSION:

Riverside Public Utilities (RPU) purchases load for each hour of the day through energy markets within the California Independent System Operator (CAISO). The Resource Operations and Strategic Analytics (ROSA) division uses Drilling Info as a tool to provide accurate forecasts. Accurate load forecasts are

crucial to RPU's financial position because a mismatch between scheduled and actual load increases RPU's exposure to more volatile Real Time energy prices. Due to the risks associated with inaccurate load forecasts and purchases, such software is required to complete daily scheduling requirements for RPU.

The Service Agreement includes the following terms and pricing:

Term: Three-year Service Agreement commencing on July 1, 2020. The Agreement shall be automatically renewed for successive twelve (12) month terms (Extended Term) unless at least thirty (30) days prior to the end of the then-current term, either Party notifies the other Party that this agreement shall not be renewed for the Extended Term.

Pricing: Annual Fees are \$37,080, fixed over the term of the contract.

Fiscal Year	Costs
FY 2020/21	\$37,080
FY 2021/22	\$37,080
FY 2022/23	\$37,080
Total	\$111,240

This is a renewal of online forecasting services provided by Drilling Info, Inc. Under Section 702 (r) of the Purchasing Resolution No. 23256, which provides for informal procurement instead of competitive procurement when the procurement is for the renewal of maintenance, license(s), support or a similar need for existing technology systems, including hardware, and items are procured from a vendor/reseller that was originally selected based on the procurement standards, provided that 1) the vendor has been used consecutively since then and 2) if there are any non-substantive changes to the procurement, the Manager is satisfied that the best price, the terms and conditions have been negotiated.

Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution No. 23256.

FISCAL IMPACT:

The total fiscal impact of the agreement is \$111,240. Sufficient funds will be budgeted as part of the biennial budget process in the Public Utilities' Power Resources Periodicals and Dues Account 6120000-425200 beginning in fiscal year 2020/21.

Prepared by: Daniel E. Garcia, Utilities Deputy General Manager
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachment(s):

1. Service Agreement with Drilling Info, Inc.
2. Presentation