

# System Analysis Advisory Committee

## Meeting Minutes

### February 21, 2014

**Meeting Facilitators:** Ben Kujala and Charlie Black. **Participants** list attached.

Ben Kujala called the System Analysis Advisory Committee (SAAC) Webinar to order at 10:00 a.m. and asked for a round of introductions. He went over the following agenda items for the meeting: Report on RPM RFP Proposals; Formation of a Resource Portfolio Model RFP Stakeholder Input Group; and Overall Process and Schedule Update. The proposals are in, and we have looked at them, Kujala reported. Every proposal was marked as confidential, and we are working to set up a process through which we can get input and involve stakeholders in reviewing them, he said.

### RFP Responses

Charlie Black described the RFP process, explaining that the Council issued the RFP December 19 and shortly after that held a teleconference with the prospective bidders. We had about 30 people representing about a dozen entities on the call, he said. Proposals were due February 6, and the Council received six responses to the RFP, Black said. The RFP included language telling respondents that the Council intended to involve stakeholders in the selection process, and we asked respondents to identify the portions of their proposal that were not to be made public, he said. Despite that language in the RFP, all of the vendors' submissions were marked confidential in their entirety with requests they not be made available to the public, Black said. We need to respect the requests for confidentiality but still want to have stakeholder input on the RFP process, he added.

The proposals we received are from entities that are experienced in developing and delivering electric resource planning software, Black continued. The proposals include more than 1,000 pages submitted, he said. Council staff has formed an internal committee made up of Charlie Black, Ben Kujala, John Fazio, Steve Simmons, Sharon Ossmann, and Sandra Hirotsu. The RFP included a requirement that each respondent's proposal follow a set order of 14 sections identified in the RFP, Black explained.

Each member of the Council staff committee reviewed the proposals independently. Then we went through each proposal as a group, making observations about its content, he said. We then used the evaluation criteria spelled out in the RFP and each member of the committee independently scored the proposals, with 100 points being the highest possible, Black said.

We met again as a group to compare our evaluations and create a matrix of the scores, he said, noting that five staff members scored the proposals. All five of the evaluators ranked the top three proposals in the same sequence and found that these three proposals stood head and shoulders above the others, Black said. So we have a clear demarcation with the three top proposals, he added. Black said he briefed the Council's Power Committee on the responses last week and had a phone call with two committee members to talk about the results of the evaluation and a staff recommendation to short-list the top three.

He went on to describe the idea for a stakeholder group to provide input on the short-listed proposals and participate in a meeting with the short-listed vendors. The group would be drawn from SAAC members and others and represent a broad spectrum of interests, Black said. The

meetings would be private, he added. Black noted that members of the subgroup may be asked to sign non-disclosure agreements, which is not unusual in such situations.

Phillip Popoff asked about the metrics used to score proposals. Black said the metrics are described in the RFP. He went through the list of 14 proposal requirements and pointed out the evaluation criteria identified in the RFP.

Fred Huette said that while the proposals may be confidential, most projects have a statement of work/work plan that includes information about the proposed approach. Most software developers prefer their proposals to remain confidential and do not want to reveal pricing strategy, he said. Kujala agreed. We don't expect a statement of work to be prepared until we select the vendor, he said. It's good practice to have a statement of work and to make it public so people can see how the work will proceed, Huette said.

We want as much of the process to be public as possible and are doing the best we can to resolve the confidentiality issue, Kujala said. We will have a conversation with the short-listed vendors about what can be made public, he said, adding that there will need to be a balance.

Clint Kalich asked what entities had submitted the proposals. Kujala said the vendors had not authorized the Council to release that information. Our legal counsel advised us not to disclose the identities of the vendors until we get their clearance to do so, Black said.

Several of the vendors are national and some have a presence in the Northwest, but none are based here, he said. Kujala said Council staff wants to ask the short-listed vendors if their names can be made public.

Villanor Gamponia asked about the vendor scores. Out of 100 points possible, one vendor scored over 80 points and the other two scored in that ballpark, Black responded. There was then a significant 20-point drop in the scores, he said.

How tied are you to emulating the RPM? Kalich asked. We have been directed by the Council and encouraged by stakeholders to have the redeveloped model apply the same type of strategic risk analysis, Black responded. We want a version of the model that implements the same analytic approach to risk analysis, and there may be alternate ways to achieve that, he said. A couple of the proposals that didn't make the short list did not provide an indication they could achieve a comparable RPM methodology for strategic risk analysis, Black said. The implementation of a strategic risk analysis methodology that recognizes uncertainty was a major element in the RFP, he added.

Black identified the weightings used for the evaluation criteria in the scoring of the proposals: price 10 percent; funding approach 10 percent; development 15 percent; stakeholder accessibility 15 percent, methodology 20 percent; understanding the RPM 10 percent; on-time commitment 10 percent; and experience 10 percent.

We wanted the vendor to demonstrate an understanding there are two stages of optimization in the RPM, and we need an algorithm in the model that includes both stages, Kujala said. It was a critical element to see if they understood the methodology, he said.

What are the weaknesses in the proposals? Kalich asked. It was clear that the top three vendors had invested time in understanding the RFP, the existing RPM, and the strategic risk analysis approach, Black said. They invested time in putting forward a proposal that provides

assurance they will be able to develop the software and deliver it on time, he said. Each has significant strengths and overall, they look promising for doing the work, Black added.

We want to go to the entities on the short list and work with them to release more details, Kujala said. The short list makes that process more manageable, but it depends on their willingness to open up to stakeholders, he said.

### **Proposal Review Subgroup**

Black went on to describe the Power Committee's suggestion to form a stakeholder subgroup to interact with the short-listed vendors. He said the seven candidates for the subgroup (six of whom have confirmed their participation) are: Michael Deen of PPC; Rob Petty of BPA; Maury Galbraith of the Oregon PUC; Mike McCoy; Phillip Popoff of Puget Sound Energy; David Clement of Seattle City Light; and Fred Huetten of the Northwest Energy Coalition. We identified these candidates for their experience and expertise in resource planning and resource planning models and their ability to represent the type of organization they work for, Black said.

Once we have selected the short list of vendors, we plan to contact each vendor to let them know they cleared the first hurdle and to remind them of the requirement for public access, i.e., that we want stakeholders involved to advise us on the final vendor selection, he explained. We are planning to convene sessions in March for each vendor to meet with Council staff and have an in-depth discussion of the strengths and weakness of their proposal and to have a session with each vendor that includes the stakeholder subgroup, he said. We will talk about nondisclosure agreements with the subgroup since these will be closed sessions, Black said. He said the sessions would be scheduled to minimize participants' travel.

Black said Council staff would get reactions from the subgroup members on the proposals. Staff will ultimately make a recommendation on the vendor to the Council, he said.

Black asked for the committee's reaction to the subgroup process. It sounds like a great group, Brian Kuehne said.

Black said staff is open to additional suggestions about structuring and organizing the subgroup. We take this as your tacit agreement this process will work, he stated.

### **Overall Process and Schedule**

Next, we will convene sessions to meet with the short-listed vendors, Black said. In consultation with the Power Committee, staff will evaluate the proposals further and work with the vendors to clarify things in their proposal and assure completion, he said, adding that Council members are concerned that the software development go forward and be completed in time to use for the Seventh Power Plan. We notified the vendors that we will ask them for pro forma contracts they would propose for our contractual arrangement, Black said. In the next step, staff will formulate a recommendation for the Council on a vendor, he said. We hope to complete this process during March and get development work started as soon as possible, Black stated.

Kujala said when the Council hears back from the vendors about what can be shared from their proposals, staff will get the information to the SAAC. He indicated that the process to select the vendor will be as open as possible.

Black said staff will encourage the vendors to be as forthcoming as possible with their proposals. We will remind them that engaging the public, along with developing a power plan and a fish and wildlife program, is one of the Council's primary tasks, he added. The more forthcoming they are and the more they demonstrate the ability to support engagement with the public, the greater the advantage for the vendor in the selection process, Black said.

David Kerlick asked about software testing that will be required of the vendor. Kujala said that would depend on the approach, but staff will be looking at tests with legacy data that may come from analyses conducted for the Sixth Plan. Council staff will rely on the expertise of the SAAC to fill in with judgment about the testing, he said. We won't get into the entire reproduction of the RPM results, but we will be asking the SAAC if the output from the new model makes sense given the input, Kujala added.

Kalich expressed disappointment that everything in the vendors' proposals was stamped confidential. We have had difficulty understanding how the RPM works and it would be nice to see the modeling approach, he said. I understand the vendors wanting to protect their pricing information, Kalich said. I'm glad you are asking them to consider what can be opened up and to make more information available for those who are not on the subgroup, he stated.

We weren't sure initially how many proposals we would receive or the quality we would get, Black said. I am very encouraged by the top three proposals; the vendors put work into this and it's apparent they see this as an opportunity with the Council, as well as something that could be applicable to resource planning more broadly and marketed to other clients, he said.

Kujala said the Council staff was also disappointed to see everything stamped confidential, but that may be standard practice at some companies. He said the desired end result is openness with the model and that is something staff will definitely be looking at with the vendors.

Regardless of whether the code is confidential or open, there needs to be a detailed specification for the model, Huette said. We need a detailed description of how the model works, adding that while he is not against proprietary code, the engine in the new model should have an open-source license. It's important to have a detailed functional specification; I presume we will have that, Huette said.

We will go back to the shortlisted proposal vendors to clarify and get more information about that, Kujala said. We don't have anything that is fully open source in any of the proposals submitted, he added. Kujala noted that proprietary code is not unusual from an industry practice standpoint. For example, we don't have access to the source code on Aurora, he said. However, we do have thorough documentation on the underlying logic of the model. We'd expect at least this type of openness from the vendor, Kujala added.

There were no additional questions or comments offered, and the meeting adjourned at 10:55 a.m.

**Attendance: System Analysis Advisory Committee Meeting/Webinar  
February 21, 2014**

<b>On Site</b>			
Charlie Black	NWPCC	<a href="mailto:cblack@nwcouncil.org">cblack@nwcouncil.org</a>	425-765-3321
Tom Chisholm	Corps of Engineers	<a href="mailto:tom.a.chisholm@usace.army.mil">tom.a.chisholm@usace.army.mil</a>	
Maury Galbraith	Oregon PUC	<a href="mailto:maury.galbraith@state.or.us">maury.galbraith@state.or.us</a>	
Massoud Jourabchi	NWPCC	<a href="mailto:mjourabchi@nwcouncil.org">mjourabchi@nwcouncil.org</a>	503-222-5161
Ben Kujala	NWPCC	<a href="mailto:bkujala@nwcouncil.org">bkujala@nwcouncil.org</a>	503-222-5161
Chad Madron	NWPCC	<a href="mailto:cmadron@nwcouncil.org">cmadron@nwcouncil.org</a>	503-222-5161
Michael McCoy	Power Systems Research, Inc.	<a href="mailto:m_mccoy20@gmail.com">m_mccoy20@gmail.com</a>	503-246-2478
Steve Simmons	NWPCC	<a href="mailto:ssimmons@nwcouncil.org">ssimmons@nwcouncil.org</a>	503-222-5161
<b>By Phone</b>			
Ehud Abadi	BPA	<a href="mailto:ebabadi@bpa.gov">ebabadi@bpa.gov</a>	503-230-5809
Anna Berg	Snohomish PUD	<a href="mailto:ajberg@snopud.com">ajberg@snopud.com</a>	
Cathy Carruthers	Tacoma Power	<a href="mailto:cathycarruthers@cityoftacoma.gov">cathycarruthers@cityoftacoma.gov</a>	
Phil Carver	Oregon Dept. of Energy	<a href="mailto:phil.carver@state.or.us">phil.carver@state.or.us</a>	
Michael Deen	PPC	<a href="mailto:mdeen@ppcpdx.org">mdeen@ppcpdx.org</a>	
Brian Dekiep	NWPCC	<a href="mailto:bdekiep@nwcouncil.org">bdekiep@nwcouncil.org</a>	
Mark Dyson	Ascend Analytics	<a href="mailto:mdyson@ascendanalytics.com">mdyson@ascendanalytics.com</a>	
Villamor Gamponia	PSE	<a href="mailto:villamor.gamponia@pse.com">villamor.gamponia@pse.com</a>	
Sibyl Geiselman	EWEB	<a href="mailto:sibyl.geiselman@eweb.org">sibyl.geiselman@eweb.org</a>	
Teyent Gossa	PGE	<a href="mailto:teyent.gossa@pqn.com">teyent.gossa@pqn.com</a>	
Todd Guldseth	Northwestern Energy	<a href="mailto:todd.guldseth@northwestern.com">todd.guldseth@northwestern.com</a>	
Marty Howard	BMH	<a href="mailto:bmh@bmh3.com">bmh@bmh3.com</a>	
Mike Hoffman	PNNL	<a href="mailto:mike.hoffman@pnnl.org">mike.hoffman@pnnl.org</a>	
Fred Huette	Northwest Energy Coalition	<a href="mailto:fred@nwenergy.org">fred@nwenergy.org</a>	503-757-6222
Clint Kalich	Avista	<a href="mailto:clint.kalich@avistacorp.com">clint.kalich@avistacorp.com</a>	
David Kerlick	Sierra Club	<a href="mailto:david.kerlick@gmail.com">david.kerlick@gmail.com</a>	
Brian Kuehne	PGE	<a href="mailto:brian.kuehne@pqn.com">brian.kuehne@pqn.com</a>	
Dave LeVee	PwrCast	<a href="mailto:dave@prcast.com">dave@prcast.com</a>	503-925-9688
Jim Litchfield	Consultant	<a href="mailto:litchlfg@gmail.com">litchlfg@gmail.com</a>	503-799-3400
Tomás Morrissey	PNUCC	<a href="mailto:tomas@pnucc.org">tomas@pnucc.org</a>	503-294-2259
Barbara Miller	USACE	<a href="mailto:barbara.d.miller@usace.army.mil">barbara.d.miller@usace.army.mil</a>	
Jessica Mitchell	Snohomish PUD	<a href="mailto:jamitchell@snopud.com">jamitchell@snopud.com</a>	
Greg Nothstein.	WA Dept. of Commerce	<a href="mailto:greg.nothstein@commerce.wa.gov">greg.nothstein@commerce.wa.gov</a>	360-725-3112
Elizabeth Osborne	NWPCC	<a href="mailto:eosborne@nwcouncil.org">eosborne@nwcouncil.org</a>	
Robert Petty	BPA	<a href="mailto:rjpetty@bpa.gov">rjpetty@bpa.gov</a>	
Michael Schilmoeller	Management Systems, Inc.	<a href="mailto:michaelschilmoeller@gmail.com">michaelschilmoeller@gmail.com</a>	
Mark Stokes	Idaho Power	<a href="mailto:mstokes@idahopower.com">mstokes@idahopower.com</a>	

c:\users\cblack\documents\saac minutes 2-21-14.doc (Charlie Black)