



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** November 6, 2023

Approved

Date

11/16/23

**SUBJECT: AMENDMENT TO THE MASTER CONSULTANT AGREEMENT  
WITH ASCEND ANALYTICS TO PROVIDE TECHNICAL  
CONSULTING SERVICES**

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager or her designee to:

- (a) Execute a First Amendment to the Master Consultant Agreement with Ascend Analytics for technical consulting services including supporting load forecasting and portfolio management, energy risk management and analysis, electricity rates and cost of service studies, and California Independent System Operator and Market Operation Support, to increase the maximum compensation from \$320,000 to \$2,000,000 and give the City three one-year term extension options through June 30, 2029, subject to the appropriation of funds; and
- (b) Exercise up to three one-year options to extend the term of the Master Consultant Agreement through June 30, 2029.

## **SUMMARY AND OUTCOME**

The Master Consultant Agreement with Ascend Analytics (Ascend) provides the Energy Department staff access to technical resources. The amendment ensures the continuity of technical consulting services to the Energy Department such as analysis to support the preparation of Integrated Resource Plans, load forecasting, portfolio management, and energy risk management and analysis.

## **BACKGROUND**

On March 4, 2020, the Energy Department released a Request for Proposal for technical consulting services to assist San José Clean Energy. Ascend was selected and a Master

Consultant Agreement was executed for a five-year term through July 1, 2026, with a maximum compensation of \$320,000.

Pursuant to Service Orders 2 and 3 under the Master Consultant Agreement, Ascend undertook technical analysis for the San José Clean Energy 2022 Integrated Resource Plan using Ascend's production cost model and Ascend's long-term fundamental forecasts of power prices. City Council approved the recommendations from the 2022 Integrated Resource Plan on October 25, 2022 and the Energy Department filed the final plan with the California Public Utilities Commission on November 1, 2022.

## **ANALYSIS**

Pursuant to Service Orders 1 and 4, Ascend undertook technical analyses to determine the impact of variable renewable resources (e.g., wind and solar) on the San José Clean Energy power portfolio. These analyses assisted the Energy Department to adjust its power purchasing strategy to integrate the output of variable renewables.

Pursuant to Service Order 5, Ascend undertook a long-term load forecast for San José Clean Energy.

Pursuant to Service Order 6, Ascend will undertake a review of outstanding needs for the San José Clean Energy portfolio to comply with the California Public Utilities Commission's new rules for resource adequacy over the next 15 years. The new rules require load serving entities to demonstrate that they have contracted with sufficient power resources to meet their load on an hour-by-hour basis on the highest load day each month. The new rules are commonly referred to as the resource adequacy "slice of day" rules. The slice of day rules will apply commencing in 2025.

The Ascend analysis under Service Order 6 will identify the most cost-effective resources to meet the slice of day rules and how the procurement targets in San José Clean Energy's 2022 Integrated Resource Plan should be revised to ensure compliance with these new rules. The analysis will also be used as an initial step in the preparation of San José Clean Energy's 2024 Integrated Resource Plan.

Service Orders 1 through 6 will exhaust the current maximum compensation amount in the Ascend Master Consultant Agreement.

Staff recommends amending the Master Consultant Agreement with Ascend to give the City three one-year term extension options through June 30, 2029, and increase the maximum compensation from \$320,000 to \$2,000,000, subject to the appropriation of funds, in order to maintain uninterrupted consultant support. Staff will return to the City Council for approval if additional compensation is required during the term of the agreement.

Going forward, the Energy Department envisions continuing to use Ascend to provide technical support and modeling analysis for development of Integrated Resource Plans every two years. In addition, the Energy Department may use Ascend to provide regular portfolio and risk management assessments and reports. The Energy Department also expects to continue to require Ascend technical support on a case-by-case basis.

The Energy Department seeks a significant increase in the budget for Ascend to 1) obtain a new service: monthly portfolio and risk management analysis and 2) budget for three additional Integrated Resources Plans.

The monthly portfolio and risk management analysis will provide the Energy Department with improved tools to undertake its energy procurement in a manner that complements renewable resources and dispatchable resources. Since the output of renewables is highly variable, statistical analysis is needed to focus energy procurement on reducing financial and regulatory risks within the portfolio of power agreements.

In addition, through 2029, the Energy Department will be required to prepare three additional Integrated Resource Plans. The Energy Department expects to use Ascend to provide statistical and portfolio management analysis for these plans.

The addition of 1) recurring monthly portfolio management and risk management analysis and 2) three Integrated Resource Plans could cost between \$100,000 and \$400,000 per year through June of 2029, depending on the level of service the Energy Department determines it requires. While the Energy Department does not currently anticipate contracting for the highest level of service, a high not to-exceed amount will give the Energy Department flexibility to obtain the level of service it requires.

### **EVALUATION AND FOLLOW-UP**

No additional follow-up is anticipated.

### **COST SUMMARY/IMPLICATIONS**

The recommended actions in this memorandum will allow for an amendment to increase the maximum compensation for the Master Consultant Agreement to an aggregate amount not to exceed \$2,000,000. The actual expenditures for this agreement through July of 2023 totaled \$238,000; expenditures through June 30, 2024 are projected to total an additional \$300,000.

The ability to expend against this Master Consultant Agreement in future years through the term of the agreement is subject to the appropriation of funds, and approval by the City Council for any increase in compensation for future years.

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### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the November 28, 2023 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

LORI MITCHELL

Director, Energy Department

For questions, please contact Lori Mitchell, Director of Energy Department, at (408) 535-4880.