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May 3, 2016

DECISION MEMORANDUM

TO: Council members

FROM: Charles Grist, Kevin Smit, and Massoud Jourabchi

SUBJECT: Selection of winning bid(s) and authorization to enter into contract(s) for FY 2016 work on industrial load and efficiency assessments.

PROPOSED ACTION

Council staff recommends the Council select the winning bid(s) and authorize entering into a contract(s) with the winning bidder(s) to update information on the Northwest industrial sector.

SIGNIFICANCE

This new industry-specific assessments will provide important data for near-term load forecasting needs and will serve as the foundation for an updated Eighth Power Plan conservation assessment.

BUDGETARY/ECONOMIC IMPACTS

Not to Exceed \$100,000.

BACKGROUND AND ANALYSIS

Staff issued a Request for Proposals (RFP) for energy load and efficiency research on the industrial sector in the Pacific Northwest. The research will be used to improve annual load forecasting and to update baseline data for the Eighth Power Plan energy efficiency assessment.

Nineteen industrial segments (including pulp, paper, frozen food, lumber, refinery, cold storage, etc.) make up the majority of the Northwest industrial sector in the Seventh

Power Plan. The RFP is seeking updated information on four components of each of the nineteen industry segments included in the Seventh Plan: 1) Industry description and detailed definition 2) estimate of total annual energy use, 3) disaggregated electric end-use, i.e. lighting, motors, and 4) energy efficiency and demand response information. The RFP is seeking experts to conduct the research and provide the most recent data for each industrial segment.

The last fully updated Industrial energy efficiency assessment was completed in preparation of the Sixth Power Plan. For the Seventh Plan, staff relied on results from the Industrial Facility Site Assessment (IFSA) and numerous other sources to update and refresh the Sixth Plan industrial assessment. The load forecast also relies on the data from this industrial assessment. A variety of metrics and sources (e.g., employment data) are used to develop the end-use level load forecast for each industrial segment.

The RFP was released on April 15 and proposals are due today (May 3 2015). By Friday, May 6, Staff will update the Council with recommended contractor selection(s). The Council shall select the winning bid(s) at the May 2016 Council Meeting and enter into a contract(s) with the selected bidder(s) in a timely manner so that work can begin as soon after the May Council meeting as possible.

The work is to be completed by the end of fiscal year (September 31, 2016). Depending on the proposals received, the Council may choose to divide up the work between several contractors who have expertise in various segments of the industrial sector. The total amount of the combined contract(s) is not anticipated to exceed \$100,000 in 2016. Depending on the scope and coverage of the proposals and available budget, additional industrial research may be taken up in future years.

ALTERNATIVES

One alternative includes relying on NEEA to fund and develop this research directly. But NEEA has not included such research in its current business plan. The previous assessment (2009) was funded largely by Bonneville, but the agency does not have similar funding available for a new study. Another alternative would be to delay the research, but initial research would be valuable now and our internal plans indicate that future contract budgets may be fully allocated for other work.