

Exhibit to Agenda Item #1

Board Policy Committee Meeting and Special SMUD Board of Directors Meeting

Wednesday, March 14, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Requested Action

Authorize the Chief Executive Officer and General Manager to award a contract to Allegro Development Corporation for an Energy Trading & Risk Management (ETRM) solution and implementation for the term April 2, 2018 through March 31, 2023, in the amount of \$5,203,285.

ETRM Background

Energy Trading & Contracts, Commodity Risk & Settlements, and Credit Risk Management all play key roles in managing commodities at SMUD.

EDGE is the internally developed operational transaction system that is used today by these groups.

EDGE is difficult to maintain, lacks scalability and it does not support various functionality, reporting and automation desired by the areas above.

ETRM Benefits

- Manages the lifecycle of commodities across the organization with one system
 - Energy Trading
 - Risk & Credit Management
 - Settlements
 - Wholesale Energy Services (CCAs)
- Critical system for replacing EDGE as well as for conducting future business in the complex marketplace (EIM, CCAs, etc.)
 - Facilitates analytics, decision-making, process efficiency
 - Provides access to performance data in a more timely, automated, transparent and coordinated fashion.
 - Remediates several audit findings from SMUD Audit Report 28005820 dated 4/13/2015 regarding Credit Reporting, Controls & Structure, and Asset Optimization.
 - Creates significant operational efficiencies for all groups

ETRM Implementation Timeline



Procurement Strategy

- Request for proposals to ensure best value
- Complex system and implementation scope
- Evaluation of 193 questions, 667 functional requirements
- Focused on strategic partnership for the long term

Criteria Description	Weighting
MANADATORY REQUIREMENTS***	Pass/Fail
SEED Program Evaluation Points	10%
Functional Requirements	45%
Technical Methodology & Approach	10%
Business Viability and Methodology	10%
Commercial Terms (Price)*and Compliance with SMUD Contractual Terms**	25%
Total	100%

Procurement Process (1)

Individuals notified by EBSS: 3,004



Received and evaluated proposals: 7



Proof of Concept demonstration: 4



Best and final offer: 2



Posted Notification of Intent to Award: 3/2/2018



Issue Award to Allegro Development Corporation

Procurement Process (2)

Long-term agreement includes:

Licenses, Maintenance, labor rates, and training costs locked-in for five years

Incremental license pricing locked-in for 2 years (price hold) with a 3% cap beyond initial 2 year term

Escalation of future training and maintenance costs are limited to CPI after expiration of the initial 5 year term

Board Award Abstract

RFP No. 170276.MP
Energy Trading Risk Management

Responsive Proposals Received	P/F	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	Evaluated Proposal Amount	BAFO Proposal Amount	Proposed Award Amount
		10	65	25	100					
CATEGORY A (HOSTED)										
Open Access Technology	P	0	41.73	25	66.73	1	\$1,675,483	\$1,675,483		
Openlink Financial	P	0	50.72	6.44	57.16	2	\$6,508,438	\$6,508,438		
CATEGORY B (ON-PREMISE)										
Allegro Development	P	0	56.98	25	81.98	1	\$4,013,240	\$3,857,240	\$3,857,240	\$5,203,285
Openlink Financial	P	0	50.72	23.88	74.60	2	\$4,603,438	\$4,603,438	\$4,037,800	

The proposed award amount of \$5,203,285 includes: 1) initial contract award amount of \$4,002,738; 2) 20% project contingency for scope items identified throughout the implementation of the system in the amount of \$800,547; 3) Funding for SMUD-driven system enhancements throughout the term of the contract in the amount of \$400,000

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