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March 6, 2018

DECISION MEMORANDUM

TO: Council members

FROM: Massoud Jourabchi
Economic Analysis Manager

Sandra Hirotsu
Senior Counsel

SUBJECT: Recommendation to enter into amended contract with Systematic Solutions, Inc. to provide the Council's load forecasting model with general maintenance support and enhanced capability at an amount not to exceed \$50,000.

PROPOSED ACTION: Council vote authorizing staff to execute an amended contract with Systematic Solutions, Inc. for continued support and enhancement of the Council's Energy 2020 load forecasting model for an amount not to exceed \$50,000.

SIGNIFICANCE: The Energy 2020 model is the primary analytical tool the Council uses for load forecasting. Staff has recognized a need to maintain, update and perform enhancements to the model for use in developing the next regional power plan.

BUDGETARY/ECONOMIC IMPACTS

Amending the existing contract to "not-to-exceed \$50,000" will add approximately \$27,000 new money to the existing contract. The additional funds are available in the power division budget.

BACKGROUND AND ANALYSIS

The Council entered into a maintenance and support contract with Systematic Solutions, Inc. in September 2017 for just under \$23,000. The contract called on the contractor to support Council staff in updating the model's input data, assumptions and in running different fuel choice policy scenarios through the model.

A significantly higher portion of the contract budget than anticipated was spent on work done to test the effects of aggressive electrification and a corresponding reduction in natural gas end-use on regional loads. The contract budget was therefore spent as of the end of February 2018. A need remains for additional model support and enhancements that would help with the power planning process this fiscal year. The additional work would include enhancements that would improve our capability to produce hourly load forecasts, enhance existing end-use natural gas forecasts, and improve estimates of extreme temperature impacts on load.

Staff recommends amending the existing contract budget to reflect an amount of not-to-exceed \$50,000. This not-to-exceed amount would include the approximately \$23,000 already spent. Staff believes this additional funding will accomplish the remaining maintenance and enhancement work needed.

ALTERNATIVES

The alternative is to delay the enhancement and maintenance work to another fiscal year or to have Council staff perform the troubleshooting and fixes and any additional enhancement work on the model themselves. It is still possible, however, that even if Council staff were to do the bulk of the work, the need may still arise to hire outside experts to assist. The primary concern however is that delaying the work to another fiscal year or relying solely on staff may cause a delay in the development of the Eighth Power Plan.