



Alaska Railbelt Cooperative Transmission and Electric Company, Inc.

Request for Proposal

Issue date: September 26, 2017

Due Date: October 19, 2017 at 5 pm ADT

Title: Facilitation of the Railbelt Reliability Council Development: Governance Structure, Functions, and Scope of Authority

The Alaska Railbelt Cooperative Electric and Transmission Company, Inc., (“ARCTEC”) invites you to submit a proposal to provide facilitation services to aid in the development of the Railbelt Reliability Council and provide specific deliverables in accordance with the Scope of Services identified below.

Proposal pricing shall be on a time and material, not-to-exceed basis. A rate sheet for additional effort shall be included. Payment terms shall be included in the Proposal.

All proposals received shall remain in effect for 30 days after the due date. The accurate completion of proposals, as well as timely delivery, is wholly the responsibility of the vendor. Proposals must be delivered by electronic delivery. ARCTEC reserves the right to reject any or all proposals, to rebid any or all items and to waive any irregularities.

Address Proposals to Tom DeLong; ARCTEC Board Chair

Alaska Railbelt Electric and Transmission Cooperative Inc.

703 West Tudor Road

Anchorage, Alaska 99503

Email proposals to ARCTEC907@gmail.com.

Scope of Work-Railbelt Reliability Council Function and Governance Facilitation

Overview

ARCTEC desires to engage a facilitator to guide in the development of a Railbelt Reliability Council (RRC). ARCTEC envisions that the RRC will initially be created to adopt and enforce Railbelt reliability standards, including the associated system planning and project justification. The RRC could eventually fulfill the role of an Independent (Unified) System Operator for the Railbelt. The governance structure and functions of the RRC /Independent System Operator are to be determined through this effort.

Governance

The governance structure should be inclusive of all Railbelt utilities. Further, it should include stakeholders having the technical and financial capability to qualify for membership in the RRC and having a legitimate interest in development of the Railbelt electric grid. A transition from stakeholder involvement in an advisory capacity, to stakeholder participation on the governing board, may be considered. In general, at the point that there is stakeholder participation on the governing Board it is anticipated that governance structure will be more closely aligned with the governance model of the Electric Reliability Council of Texas (ERCOT) than with the more strictly Independent Federal Energy Regulatory Commission (FERC) approved Independent System Operators (ISOs) or Regional Transmission Organizations (RTOs), such as PJM, New England ISO, Midcontinent ISO (MISO) etc.

Potential stakeholders include the Regulatory Commission of Alaska (RCA), the Alaska Energy Authority (AEA), the Renewable Energy Alaska Project (REAP), the Building Owners and Managers Association (BOMA), the Alaska Independent Power Producers Association (AIPPA), and regional economic development councils.

Utilities and stakeholders hold varying views on governance and the balance of utility expertise and stakeholder input with interconnection requirements and desires for alternative energy sources. A significant effort in this scope of work will be to harmonize these diverse views into a single achievable governance structure, potentially with transitional clauses.

Function and Scope of Authority

From a functional perspective, the RRC has been envisioned to have a scope of authority that will initially include:

- Responsibility for regional electric grid reliability, i.e., adoption, development monitoring and enforcement of reliability standards;
- Regional integrated resource planning;

- Responsibility for ensuring nondiscriminatory open-access to the regional grid through regional grid interconnection protocols.

In the future the role of the RRC may be expanded to include independent monitoring of power pool and energy transactions to ensure equitable treatment of participants and efficient economic dispatch of Railbelt generation.

All of the above must be considered within the policy constraints set forth by legislative and regulatory policymakers. The utilities and stakeholders have differing views on the scope and breadth of these topics, and on the method of transition to full and appropriate inclusivity. The facilitator's effort associated with this phase of the RRC's development will be to meld these diverse views into a single achievable scope of authority and set of functions for the RRC.

Objective

The objective of this facilitation is to arrive at a well-defined RRC structure, in terms of governance, scope of authority and function that all participants can agree upon.

Process

Primary participants (the Participants) in this process include the ARCTEC member utilities: Chugach Electric Association, Golden Valley Electric Association, Matanuska Electric Association, and Seward Electric System as well as the other Railbelt Utilities: Municipal Light and Power and Homer Electric Association, and the RCA. Other interested parties (the Interested Parties) will include, but not be limited to, BOMA, AIPPA, REAP, the Alaska Energy Authority (AEA), the Alaska Legislature, and the Governor's office. The effort should also include coordination with other Railbelt unification initiatives such as the TRANSCO and Power Pool. Initial development of the specific facilitation process and discussions regarding the initial structural aspects of the proposed RRC will be held with the ARCTEC Board alone.

In order to iterate to a solution, it is envisioned that achievement of this objective will entail a process that will include multiple meetings with all participants and interested parties. It is possible that some "interested parties" may join the ranks of the participants as the process evolves.

The facilitator and/or the facilitator's team (the Facilitator) must be familiar with Railbelt regulated public electric utilities both financially and technically. The Facilitator should be knowledgeable about organizations such as the North America Electric Reliability Council (NERC); the regional ISOs and RTO's; and of the significant differences between the larger grids of North America and the Railbelt electrical grid.

Skills

The Facilitator must be skilled at listening, evaluating and collating Participant and Interested Party input, evaluating this input against the political, financial and technical backdrop of this effort and its objective. The Facilitator will be required to seek creative solutions to identify and mitigate conflicts. The Facilitator must have a proven record of negotiating complex issues to successful conclusion.

By virtue of the nature of the RRC and this development process, the Facilitator must have familiarity with (and ideally established relationships with) the Participants and Interested Parties. It is understood the Facilitator may use sub-consultants to provide perspective and insight into this process based on experiences with similar processes elsewhere in the US and North America.

Timeframe

It is anticipated that the Facilitator will be able to begin this effort immediately, solicit input from the participants and interested parties and convene participant meetings in the last quarter of 2017 and the first three months of 2018. The Facilitator will provide the agreed upon governance structure and functional description of the RRC to ARCTEC by March 1st, 2018

Exclusions from the Scope of Work

Not included in the Scope of Work is Technical work associated with developing the RRC regulatory compact, articles of incorporation, bylaws, and specific technical documents, related to Interconnection Protocols, Reliability, and Planning Standards or economic dispatch monitoring efforts. These efforts will be addressed in a later phase of this process.

Deliverables

A report detailing:

- The issues discussed and resolved during the facilitation process.
- Summary minutes of each group meeting.
- A final governance structure and makeup acceptable to all participants.
 - Governance board position descriptions for this board.
- A list and detailed description of each of the agreed upon functions of the RRC.
- A description of the RRC's agreed upon scope of authority over these functions.
- A description of the agreed upon nature of the regulatory compact between the RRC and the RCA.
- A draft version of this report shall be submitted within 14 days of the conclusion of the information gathering process.

- A “parking lot” list describing “in detail” issues and challenges, and the various parties’ positions on the issues and challenges that in the interest of timely conclusion have been set aside for later resolution.
- A minimum of three 3-hour workshops with the ARCTEC board to explain progress, explore solutions, and seek guidance.
- Two 4-hour workshops with the RCA and the RCA staff to explain the efforts conclusions and final proposed solutions (all workshops shall be coordinated with ARCTEC member utilities).
- An agreed upon cost sharing methodology for the effort covered under the memorandum of understanding below.
- A memorandum of understanding signed by all 6 utility Participants and acknowledged by the RCA and Interested Parties that commits the Participants and Interested Parties to proceed with development of the RRC business plan.

Budget, Planning and Reporting Relationships

It is anticipated that the cost of facilitating and implementing the RRC will be borne by ARCTEC until a Railbelt-wide cost recovery mechanism can be developed and implemented. It is anticipated that the Facilitator will have access to staff and procurement functions from one or more of the ARCTEC members on as needed basis and as approved by the ARCTEC board of directors (Board). The Facilitator will develop a preliminary project plan, budget and schedule to bring this process from its current standing completion. This plan will identify all sub consultants and will be approved by the Board. The Facilitator will produce regular progress reports including task completion, changed conditions, and budget-to-actual reports for the Board and hold regular project meetings with this group to keep them apprised of project progress.

Meetings

All meetings will be deliberative¹ in nature with defined objectives and measures of accomplishment. If appropriate (i.e., group meeting) Roberts Rules of Order will guide meeting protocol.

It is anticipated the Facilitator will hold at least four one-on-one meeting with each of the Participants and two meetings with each of the Interested Parties. If in the opinion of the Facilitator and with the concurrence of ARCTEC an entity is re-classified from Interested Party to Participant status, meetings will be adjusted accordingly.

¹ Deliberative democracy or discursive democracy is a form of democracy in which deliberation is central to decision-making. It adopts elements of both consensus decision-making and majority rule.

The Facilitator will convene and facilitate at least four meetings that seek to include all Participants and Interested Parties. The Facilitator will determine equitable methods for accepting input from parties who cannot attend the group meetings. The inputs from these facilitated sessions and other more informal contacts will form the basis for the recommend governance and functional structure of the RRC.

REQUESTED ORGANIZATION AND CONTENT OF THE 'QUALIFICATIONS AND PROJECTED EFFORT' SUBMITTAL:

Section 1 - Letter of Transmittal (limited to one page).

Show RFP title, the name of your organization, its physical and mailing addresses, telephone numbers, and date of proposal.

Briefly, state your understanding of the scope of the project and the general requirements made of the selected firm, and make a positive commitment to accomplish them in accordance with the terms described in your proposal.

Give the name(s) of the person(s) who are authorized to make representations or answer questions concerning your proposal, their titles, address and contact telephone numbers.

The letter shall be signed by an individual with authority to bind the organization.

Section 2 - Experience, Project Approach & Company Presentation

1. Provide a general statement of the qualifications of your firm covering its history, size, range of in-house services, volume of work, etc. This should include potential or perceived conflicts of interest with any of the named Parties. Provide information on the resources of your organization that indicates that you can complete the project in a timely manner.
2. Detail the organizational outline and structure of the proposed facilitation team (including any sub-consultants that will be dedicated to this project. Include the following elements:
 - a. Identify proposed Lead Facilitator, key process manager and any other specific staff proposed for the work, briefly setting forth their projected roles and responsibilities. Include individual one-page resumes for the proposed lead facilitator and other lead personnel.
 - b. Identify the firm's specific experience with facilitations of this type.
 - c. Identify any unique firm qualifications or special expertise deemed relevant to the specific project requirements.
 - d. Provide a brief description of the methodology and approach your firm uses in facilitating similar efforts. List software or other processes to be used executing the effort.

Section 3 - References

List up to five references for which your firm has provided similar efforts. Include a customer point of contact with current telephone number or email for each referenced firm.

Section 4 - Projected Effort

Based on the provided 'Scope of Work and Report Description' and the required Time for Performance, develop and provide a resource allocation plan, a projected effort budget, and a time line for delivery of the deliverables. This information may be provided in any format useful to the vendor, but should clearly indicate the availability of vendor's resources to accomplish the work within the projected time line and the estimated total work effort in terms of person-hours. ARCTEC desires the effort to be completed at the earliest date that is concomitant with thorough professional practice. The selected vendor will be expected to commit to draft report delivery within the time period stated in its submittal (90 days or less), and to project final completion within the stated 168 calendar day Time for Performance.

PRICING PROPOSAL SUBMITTAL

Provide pricing on a Time and Materials Not-to-Exceed (NTE) basis; include terms of payment, and an hourly rate schedule for all project team members. NTE shall include all projected effort outlined in the Proposal; all ancillary costs (office and clerical support, telephone and courier costs, etc.); and all travel costs required for the Final Report presentation and any previous site visits deemed necessary by the vendor shall be included in the Hourly Rate. ARCTEC reserves its options to make changes to the project scope and timeline as required; such changes shall be directed by a written Change Order and the vendor's NTE equitably adjusted as agreed in writing.

Proposals will be evaluated by the ARCTEC board of directors. Evaluation will be based first on submitted qualifications and projected effort, and second, on pricing. The Committee may elect to request additional information from any vendor prior to awarding a contract for the project. Time is of the essence for several of the decisions facing ARCTEC, the Railbelt utilities and the project's stakeholders. The selection process will favor proposals that reliably commit to an earlier delivery, demonstrate a process with a proven track record, and reflect an ability to clearly communicate the content, issues, and challenges surrounding this complex topic.

Questions concerning this RFP may be directed via e-mail to: ARCTEC907@gmail.com. Deadline for receipt of questions is 5:00 PM ADT on Friday the 6th of October, 2017. ARCTEC will respond to substantive questions by Addendum by 5 PM ADT on Thursday the 12th of October, 2017, via email. Proposals are due October 19, 2017 at 5 pm ADT.