

IMPERIAL IRRIGATION DISTRICT
Service Agreement Amendment/Change Order Request Form

TO: Marty Holbrook, Purchasing Agent
General Services Department

DATE: July 31, 2014

FROM: Tom King, Deputy Manager

COPIES: Laurie Franks, Contract Administrator
Manager, Energy Department
Interim Deputy Energy Manager
Engineering & Operations

DEPARTMENT: Energy

SUBJECT: Request for Amendment No. 3 to Service Agreement No. 8100001743.

This is a request to issue an Amendment No. 3 to perform the services in the described scope of work herein. Please prepare the amendment and forward to the following address for signature:

Z-Global, Inc.
Ziad Alaywan
604 Sutter Street, Suite 250
Folsom, CA 95630
Phone: (916) 985-9461
Fax: (916) 985-9467
Email: ziad@zglobal.biz

Amendments to the services to be rendered under this amendment are described as follows:

Description of the Request:

Provide professional consulting services for Energy Department's reliability compliance program.

Deliverables:

There are no changes to the scope of work submitted for Amendment No. 2, dated January 13, 2014 herein attached. System Operations is requesting additional funds and an extension of the period of work to complete tasks.

Special Conditions to Terms of Agreement:

None.

Cost of Services:

The cost for the work associated with this amendment will not exceed \$120,000.00, including expenses. Therefore, this amendment will increase the subject Agreement from its present value of \$1,152,479.00 to a new total not-to-exceed amount to of \$1,272,479.00.

Period of Work:

This agreement will remain open until December 31, 2014.

Is this request under an MWA? Yes _____ No _____ MWA No. _____

MWA on file? Yes _____ No _____ **Project Sign-Off Sheet on file?** Yes _____ No _____
If No to either question above, attached a copy for the file

Does the value of this contract amendment cause the MWA to exceed the approved value? Yes _____ No _____
If Yes, provide a copy of the Board approved increase for the file

Financial Information:

The cost of this agreement will be charged as follows:

Project No. . 100375
Network No. 4030462
Activity No. 10
General Ledger 550000
Requisition No. 10194957


If you have any questions, please call Tom King at ext. 3515.



Tom G. King
Deputy Energy Manager Engineering & Operations

7/29/14

Date



Carl D. Stills
Energy Manager
(Signature required for procurements not exceeding \$50,000)

7/29/14

Date

FINANCE DEPARTMENT BUDGET CHECK
(Not required if authorized under the MWA)

within Budget Yes No

Comments: _____



(Signature of Person verifying)

8/03/14

Date

Chief Information Officer, Information Technology
(OPTIONAL: Signature required for IT Software or Hardware)(Not required if authorized under the MWA)

Date

Chief Financial Officer
(Not required if authorized under the MWA)

Date

Kevin Kelley
General Manager or Asst. General Manager
(Signature required for procurements in excess of \$50,000 but not exceeding \$200,000 (Not required if authorized under the MWA)

Date

Attachments:
Scope of Work



IID

A century of service.

www.iid.com

August 5, 2014

BOARD AGENDA MEMORANDUM

Information

SUBJECT Amendment to Service Agreement No. 8100001743
Z-Global, Inc.

DEPARTMENT Energy

PRESENTER Tom King, deputy energy manager planning and operations

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Background

In 2013, Z-Global Inc. was hired to help ensure protection of IID's Balancing Authority by assisting IID in developing and instituting a FERC settlement plan to leverage their expertise associated with reliability measures evaluation, implementation and support in addition to the related effort of assisting in oversight of SOC operations.

The intent of this amendment is to leverage the continued support of Z-Global's expertise for the aforementioned efforts and also leverage their expertise associated with regulatory support.

Financial Impact

This amendment will increase the value of the service agreement by \$120,000.00 through December of 2014 for a new not-to-exceed amount of \$1,272,479.00. Funding is from Energy's 2014 Transmission Load Dispatch Budget.

Recommendation

Staff will recommend board approval of Amendment No. 3 to the service agreement with Z-Global, Inc. at the next board meeting.

Attachment #1
Energy Reliability Compliance Assistance - Change in Scope of Work
Amendment #2 to SA #81000001743
ZGlobal, Inc.

Copy of previous
now being extended
to Dec. 14

Make the following changes to Service Agreement No. 81000001743:

Six month extension of services performed by Jesse Montano from 1/1/2014 to 8/29/2014

Exhibit 1— Scope of Work

Change Exhibit 1— Scope of Work to read as follows:

Background

The Imperial Irrigation District (IID) is strategically located between the California Independent System Operator (CAISO) to the west and neighboring Balancing Authorities (BAs) to the east. Because it is situated between two major 500 kV lines that transmit large amounts of energy from the east in to California, and because the CAISO and the remainder of the Western Electricity Coordinating Council (WECC) BAs operate in fundamentally different markets, there are several high impact duties that need to be performed. These include:

1. IID is assessing the effectiveness of its operational compliance with the North American Electric Reliability Corporation (NERC) standards. There are concerns that in order to be in full compliance with NERC and WECC reliability criteria and that the IID BA operate in a safe and reliable manner, IID needs to dedicate additional resources (capital and personnel), make compliance a high priority goal and meld compliance with operations in a manner that improves operational effectiveness.
2. IID is in negotiations with the Federal Energy Regulatory Commission (FERC) regarding the September 2011 disturbance. Once the negotiations are complete, IID will need to develop a plan designed to implement actions that are a result of FERC's findings and negotiations.
3. IID has opportunities to improve operational efficiency due to CAISO market price excursions which can effectively minimize the cost to energy procure costs
4. In addition, since the Sunrise Power Link has become operational (June 2012), IID has been increasingly called upon to operate its generation resources uneconomically to mitigate conditions on neighboring transmission systems. IID and ZGlobal have been able to address those issues to a large degree, but there are additional improvements that can be made.
5. Finally, with Energy Imbalance Markets (EIMs) at the assessment and implementation phases, IID must assess the impacts and/or benefits of participation.

Detailed Scope of Work:

Assist the manager, SOC to assume the responsibility of managing the (IID System Operations Center.

Attachment #1
Energy Reliability Compliance Assistance - Change in Scope of Work
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ZGlobal, Inc.

Jesse Montano of ZGlobal will report to the IID Energy Manager and. Mr. Montano will be responsible for assisting the manager, SOC on all IID system operation duties. During the extended eight month period, Mr. Montano will perform the following tasks:

1. Assist the manager, SOC overseeing the day to day operation of IID grid.
2. Represent IID at Operating forums such as NERC and WECC, and represent IID on the 2011 disturbance workgroup.
3. Review IID's operational compliance relative to NERC standards and operational recommendations for satisfying compliance requirements,
4. Evaluate the latest compliance audit. Design a comprehensive plan to address the identified weaknesses and vulnerabilities and how to correct these shortcomings. At the minimum, the "Plan" shall include, but not be limited to
 - i) Identify the specific steps needed to address any gaps.
 - ii) Assess pertinent Operating Procedures and propose modifications to coincide with WECC and NERC requirements
 - iii) Address the training and readiness of the operating staff
 - iv) Address any tools that the operators need to ensure a highly reliable system operation, including, but not limited to, any EMS, scheduling, communication procedures and
 - v) Develop and present the "Plan" for approval no later than May 30, 2014.
 - vi) Aggressively implement the "Plan".
5. Assist the manager, SOC to ensure IID day to day operation is maintained at the highest reliability level at a reasonable cost. This includes operating plans to meet the peak load, coordinating generation and transmission outages. Interface with neighboring BAs. Coordinate with internal energy trading, transmission, distribution and generation departments.
6. Electric system reliability is the top priority of the IID's system operators. IID's aim is to minimize the cost of procuring energy for IID's customers while ensuring reliability. In order for IID to take advantage of its strategic location, while ensuring reliability, the ZGlobal team is proposing the first steps to assess operating procedures, practices and communications within IID and between IID, and outside with regional entities,
7. In coordination with IID's System Operations and Energy Trading groups, we will review pertinent operating criteria, procedures, and protocols and review current operating practices to determine what changes may be made to ensure that reliability is maintained, while maximizing the ability of Energy Trading to take advantage of market opportunities.
8. Review of operating criteria by which IID provides mitigation to alleviate constraints outside its system and recommends changes and clarifications of such to ensure that lines of communications are clear, and that IID mitigation is necessary, prudent and consistent with inter-BA and Reliability Coordinator Operational Practices and NERC standards.
9. Provide technical and managerial training and assistance to the manager, SOC for eight months. .
10. Assist the Energy Manager in other related strategic areas as needed.

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11. Accompany the manager, SOC to represent IID at various reliability council including WECC Operating committee, NERC and FERC
12. Implement an operating procedures with CAISO to mitigate flows on the S line

Extended date: August 29, 2014

Cost: In order to better match with IID's work calendar, the nature of shift work in the SOC and to be more efficient, the schedules for Mr. Montano (when he is in on-site at Imperial) will be 8hour working days.

Time and Materials not to exceed of \$249,000.00 including expenses.

END OF AMENDMENT

Exhibit A

Proposed SCOPE OF Work

Background

The imperial irrigation district (IID) is strategically located between the California Independent System Operator (CAISO) to the west and neighboring balancing areas to the east. Because it is situated between two major 500 kV lines that transmit large amounts of energy from the east to California, and because the CAISO and the remainder of the Western Electricity Coordinating Council (WECC) balancing authorities operate in fundamentally different markets, there are several high impact duties that need to be performed:

1. IID is in the midst of assessing the effectiveness of its operational compliance with NERC standards. There are concerns that IID needs to dedicate resources and the highest priority to ensure that IID BA is fully operating with WECC and NERC reliability criteria and compliance with all applicable reliability standards.
2. IID is in the midst of working with various entities on the summer 2011 disturbance.
3. IID has the opportunity to take advantage of CAISO market price excursions that can effectively lower IID's overall cost to procure electricity cost for its customers.
4. In addition, since the Sunrise Power Link has become operational (June 2012), IID has been increasingly called upon to operate its generation resources uneconomically to migrate conditions on neighboring transmission systems.
5. Finally, with Energy Imbalance Markets (EIMs) gaining tractions, WECC and IID is looking to determine the positional impact and benefits with participation in an EIM.

This scope of work assesses the current working sets of operating criteria, procedures and communications between Systems Operations and Energy Trading, and making recommendations to such in order to allow Energy Trading the flexibility to take advantage of market opportunities, while at the same time ensuring that reliability is not compromised.

In addition, this scope of work assesses operating situations when IID was called upon to provide mitigation by clarifying the nature of the mitigation measures and mapping the mitigation measures to reliability criteria.

Prepared by ZGlobal on 4/21/2013
Confidential

Detailed Scope of Work:

Assume the responsibility of managing the IID Grid Operation department.

Jim McIntosh of ZGlobal will report to the IID Energy Manager and will oversee the day to day operation of the IID grid. Jim will be responsible for all IID system operation duties. During the four month transitional period, Jim McIntosh, with the assistance of Jesse Montano, will perform the followings tasks:

1. Overseeing the day to day operation of IID grid.
2. Represent IID at Operating forums such as NERC and WECC. Represent IID on the 2011 disturbance workgroup.
3. Review IID's operational compliance relative to NERC standards and operational recommendations for satisfying compliance requirements.
4. Evaluate the latest Compliance mock audit. Design a comprehensive plan to address the identified weakness and vulnerability and how to correct these shortcomings, at the minimum, the "Plan" shall include, but not be limited to:
 - i) Identify the specific steps needed to address any gaps.
 - ii) Assess all Operating Procedures and Risk Management Documents
 - iii) Include all system operation procedures, processes both internally and externally
 - iv) Address the training, readiness of the operating staff.
 - v) Address any tools that the operators need to ensure a high reliable system operation, including, but not limited to, any EMS, scheduling, communication procedures and
 - vi) develop and present the "Plan" for approval no later than May 30, 2013.
 - vii) Aggressively Implement the "Plan".
5. Ensure IID day to day operation is maintained at the highest reliability level at a reasonable cost. This includes operating plans to meet the peak load, coordinating generation and transmission outages. Interface with neighboring balancing authorities. Coordinate with internal energy trading, transmission, distribution and generation departments.
6. Electric system reliability is the top priority of HD's system operators. HD's aim is to minimize the cost of procuring energy for IID's customers while ensuring reliability. In order for IID to take advantage of its strategic location, while ensuring reliability, the ZGlobal team is proposing the first steps to assess operating procedures, practices and communications within IID and between IID, and outside the IID entities.
7. In coordination with IID's System Operations and Energy Trading groups, we will review pertinent operating criteria, procedures, and protocols and review current operating practices to determine what changes may be made to ensure that reliability is maintained, while maximizing the ability of Energy Trading to take advantage of market opportunities.
8. Review of operating criteria by which IID provides mitigation to alleviate constraints outside its system and recommends changes and clarifications of

Prepared by ZGlobal on 4/21/2013

Confidential

such to ensure that lines of communications are clear, and that IID mitigation is necessary, prudent and consistent with inter-BA and Reliability Coordinator Operational Practices and NERC standards.

9. Assist the Energy Manager hiring a qualified System Operation Manager.
10. Assist the Energy Manager in other related strategic areas as needed.

Start date: April 29, 2013 to 8/31/2013

Cost: due to the shift work nature and to be more efficient, we schedule 10 hrs days when Mac is in imperial to try to communicate with both shift at IID. We also schedule time for Mac to do work from Folsom.

We are proposing a 10% discount for a fixed price of \$438,479 for labor plus \$50,000 for travel expenses. The total not-to-exceed amount for this project will be \$488,479.

