

Date: May 19, 2015

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Procurement (Services) Contracts –
Professional Services – Reliability Standards
and Compliance Group – Contract Awards

SUMMARY

The Trustees are requested to approve the award and funding of multi-year services contracts to the firms: Navigant Consulting, Inc., Chicago, IL; Quanta Technology, Raleigh, NC; and KEMA, Inc., Burlington, MA. The awards are to be for a term of up to five years and in an aggregate amount of \$5 million. The intent of the process was to identify consultants to provide professional services to the Authority's Reliability Standards and Compliance ("RSC") Group on an "as needed" basis. Having multiple firms allows the Authority flexibility in the ultimate selection of a consultant depending on the Authority's needs in various subject matter areas and work management.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority's Expenditure Authorization Procedures ("EAPs") require the Trustees' approval for the award of personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder.

The last Reliability Standards and Compliance Group professional services Request for Proposal ("RFP") was issued in 2010.

DISCUSSION

The terms of the contracts will be more than one year; therefore, the Trustees' approval is required. All of the contracts will allow the Authority, in its sole discretion, to terminate services without liability other than paying for acceptable services rendered to the effective date of termination.

The issuance of up to five-year contracts is necessitated by both cost and efficiency considerations. Since an assigned matter may extend longer than a year and require consistency in service, it is more efficient to award long-term contracts than to rebid annually.

On January 29, 2015, RFP Inquiry No. Q15-5807MR was published in the New York State *Contract Reporter* seeking consultant services to assist the Authority's RSC Group with

meeting the North American Electric Reliability Corporation (“NERC”) Reliability Standards imposed with the passage of the Energy Policy Act of 2005 and regulatory initiatives of the Federal Energy Regulatory Commission (“FERC”). Services include, but are not limited to: conducting internal assessments of reliability standards related to the Authority’s NERC compliance registries; internal spot check assessments of the Authority’s compliance with selected NERC reliability standards; internal reviews of existing documentation prior to self-certifications; preparation and support activities associated with Northeast Power Coordinating Council (“NPCC”) audits, spot checks and compliance violation investigations or self-reporting/mitigation plans; and review and update of existing RSC internal controls including compliance assessment processes for pre-audit preparation, on-site audit and post-audit activities, responding to findings and recommendations, and developing compliance training materials.

A total of thirteen (13) professional service firms submitted proposals in response to the RFP for reliability standards consulting services. The RFP sought information on the firms’ ability to provide support in a variety of NERC Reliability Standards and related compliance areas relevant to the business of the Authority. Staff evaluated the proposals based on responsiveness to the RFP; cited corporate work experience; proposed project team experience and expertise; familiarity with NERC and NPCC governance and reliability requirements and criteria; familiarity with NPCC’s Compliance Monitoring and Enforcement Program (“CMEP”); familiarity with NPCC’s Reliability Criteria applicable to NYPA and working knowledge of NYPA’s system, facilities and policies; and hourly rates.

As a result of the review of the proposals, the recommendation is that contracts be entered into with the following firms for professional services on an "as needed" basis:

1. Navigant Consulting, Inc.
2. Quanta Technology
3. KEMA, Inc.

An aggregate amount of \$5 million is requested for the professional services contracts. Accordingly, these contracts do not obligate the Authority to a specific level of services or expenditures.

If approved by the Trustees, the new contracts would become effective on or about July 1, 2015 for a term of up to five years.

FISCAL INFORMATION

Funds required to support contract services are included in the 2015 approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years, as tasks are assigned. Payment will be made from the Operating Fund.

RECOMMENDATION

The Chief Operating Officer, Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Vice President – Technical Compliance, and the Vice President – Procurement recommend the Trustees’ approval of the award of procurement contracts for a term of up to five years, in an aggregate amount of \$5 million, to Navigant Consulting, Inc., Quanta Technology, and KEMA, Inc. to provide professional services to the Authority’s Reliability Standards and Compliance (“RSC”) Group.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted for the award and funding of professional services contracts to the firms set forth below, for a term of up to five years, in an aggregate amount of \$5 million, to provide professional services to the Authority's Reliability Standards and Compliance ("RSC") Group as recommended in the foregoing memorandum of the President and Chief Executive Officer;

Consultant (Q15-5807MR)

Contract Approval

Navigant Consulting, Inc. (Chicago, IL)
Quanta Technology (Raleigh, NC)
KEMA, Inc. (Burlington, MA)

\$5 million (Aggregate)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.