

**Date:** May 24, 2016

**To:** THE TRUSTEES

**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**Subject:** Procurement (Services) Contract –  
Research and Technology Development Project  
with Hydro-Quebec – Contract Extension

### SUMMARY

The Trustees are requested to ratify and approve a six-month extension of an existing contract (#4500256657) with Hydro-Quebec (located in Montreal, Quebec, Canada), for improving the dynamic performance of the New York State power grid using advanced closed-loop controls.

Interim approval of this "no cost" extension was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, subject to approval by the Trustees at the May 24, 2016 meeting.

### 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 objective of the project is to perform an engineering study to demonstrate the applicability and potential benefits of using advanced closed-loop controls based on the multi-functional, multi-band power system stabilizer ("MF-MBPSS") technology for wide-area voltage and primary frequency control of the New York State electric power grid.

### DISCUSSION

The contract was awarded to Hydro-Quebec in the amount of \$350,000 effective March 23, 2015, with the understanding that all work would be completed in less than 12 months but not to exceed March 22, 2016. This work is being performed under a co-funding agreement between the Authority and the New York State Energy Research and Development Authority ("NYSERDA"). NYSERDA's co-funding to the project is in the amount of \$250,000.

During the course of work, it was realized that some of the tasks involved in the scope of the work were more time-consuming than initially estimated by the Hydro-Quebec and Authority teams. Furthermore, given the research nature of the work, some of the initial assumptions had to be revisited based on new findings, and some new solutions not predicted in the initial proposal had to be investigated. Finally, some unexpected delays in acquiring required data from the New York Independent System Operator ("NYISO") and the time required to sign a Non-Disclosure Agreement ("NDA") between the Authority and Hydro-Quebec extended the time for performing some of the tasks.

To allow for the uninterrupted continuation of the Hydro-Quebec study and in order to meet and maintain the overall project schedule, interim approval to extend the term of the subject contract was authorized in accordance with the procurement guidelines, subject to the Trustee approval at the May 24, 2016 meeting.

This extension does not represent any change in the scope-of-work and project tasks remain the same as described in the initial agreement.

#### FISCAL INFORMATION

This is a "no cost" extension of the contract term.

#### RECOMMENDATION

The Senior Vice President – Technology and Innovation, the Vice President – Procurement, and the Director – Research and Technology Development recommend that the Trustees ratify and approve the extension, through September 30, 2016, of the contract with Hydro-Quebec for improving the dynamic performance of the New York State power grid using advanced closed-loop controls, at no additional cost.

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 to extend through September 30, 2016, at no additional cost, the contract with Hydro-Quebec for improving the dynamic performance of the New York State power grid using advanced closed-loop controls as recommended in the foregoing memorandum of the President and Chief Executive Officer and set forth below:

<u>Contractor</u>	<u>Contract Approval</u>
<b>Hydro-Quebec Montreal, Quebec, Canada (#4500256657)</b>	<b>Six-month extension to September 30, 2016 at no additional cost</b>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority and the Vice President of Procurement 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.