Burlington Electric Department * 585 Pine St. * Burlington VT * 05401

MEMORANDUM

TO: Burlington Board of Finance and City Council

FROM: Ken Nolan, Manager of Power Resources

DATE: September 21, 2011

RE: **BED Smart Grid Project Web Presentment Vendor Change**

cc: Barbara Grimes, BED General Manager

In September 2011, the Council approved by Resolution a list of vendors, and anticipated budgets, that BED intended to use in completing its smart grid deployment under the Department of Energy American Recovery and Reinvestment Act (DOE ARRA) grant that BED and other Vermont utilities had received. Included in that approval was a web presentment vendor, Aclara, Inc., with a total web presentment budget of $142,000.

Aclara had been chosen as the preferred web presentment vendor as part of a statewide Request for Proposals, after providing a bid that provided a discount if more than one utility chose their solution. BED and CVPS chose to use Aclara at that time, so BED anticipated receiving the discount. However, prior to BED executing the agreements with Aclara, CVPS and GMP announced their merger and further announced that they would be considering combining IT systems as part of the combined company. In response, Aclara demanded a clause in BED's contract that would have allowed them to remove the discount if CVPS stopped utilizing their software, and further to back-bill BED for any discount that had previously been provided. This represented a substantial risk to BED, and resulted in Aclara no longer being a competitive bidder if the discount was removed.

In response BED re-opened discussions with previous bidders and found that the eMeter/Siemens Energy Engage product, which had not provided the functionality BED desired at the time of the original RFP, had been substantially enhanced and was now very competitively priced. BED has been negotiating with Siemens for several months to reach a contract for software licenses and integration. The budget for this vendor is now approximately $600,000.

On the surface this appears as a substantial increase, but it is in fact a lower cost to BED over the anticipated life of the software for the following reasons:

- Aclara was providing a hosted service so the up-front costs were less, but BED would

have paid a large quarterly hosting fee in the $60,000 range. The eMeter/Siemens product will be located on BED servers so up-front integration costs are more, but BED will only pay roughly less than $10,000 annually to maintain the system.

- Since most of the integration work will be completed and paid for during the DOE ARRA grant window, BED will be able to obtain 50% reimbursement from DOE for these costs under the eMeter/Siemens solution, where the quarterly fees paid to Aclara would have had to be included in BED's operating budget.

- One of the added features of the eMeter/Siemens product is the ability for BED staff to customize the web pages internally. As a hosted service, BED would have been subject to additional fees from Aclara for any future customization efforts once the website was established and operational.

- Ongoing maintenance should be reduced since eMeter/Siemens is also the vendor for BED's Meter Data Management System (MDMS), the main IT system with which the web presentment software integrates. As future upgrades occur, having both systems provided by the same vendor will reduce potential integration problems.

Overall, BED's business case shows a roughly NPV $500,000 cost **reduction** by switching to the eMeter/Siemens web presentment product from Aclara's hosted solution. BED's energy efficiency staff is also much more comfortable being able to customize the webpages themselves as conditions change rather than having to use a third party.

For the above reasons, BED would ask that the Council approve this change from Aclara, Inc. to eMeter/Siemens as the web presentment vendor to be utilized in fulfilling BED's DOE ARRA grant commitments.

AMENDED APPROVAL OF CONTRACTS WITH VENDORS FOR INSTALLATION AND IMPLEMENTATION OF BURLINGTON ELECTRIC DEPARTMENT'S ADVANCED METERING INFRASTRUCTURE DEPLOYMENT PLAN

In the year Two Thousand Twelve……..
Resolved by the City Council of the City of Burlington, as follows:

That WHEREAS, by Resolution passed September __, 2011, the City Council authorized Burlington Electric Department ("BED") to enter into and execute contracts on behalf of the City of Burlington with certain identified vendors for the purpose of implementing BED's Advanced Metering Infrastructure ("AMI") deployment plan; and

WHEREAS, one of the identified vendors was Aclara, Inc. ("Aclara"), which was to provide web presentment software services at a budget estimate of $142,000; and

WHEREAS, subsequent to City Council approval, Aclara modified its bid such that it was no longer a competitive bidder; and

WHEREAS, Siemens Energy, Inc. and eMeter Corporation, the approved vendors for the Meter Data Management System ("MDMS") portion of BED's AMI project, have since substantially enhanced their web presentment product and it is now competitively priced; and

WHEREAS, while the eMeter/Siemens web presentment product is estimated to have an up-front cost of $600,000, the annual maintenance costs are substantially lower than the annual costs that would have been incurred with Aclara's product, such that BED's AMI business case shows a net present value cost decrease of $500,000 by switching from Aclara to the eMeter/Siemens solution.

NOW, THEREFORE, BE IT RESOLVED by the City Council that BED General Manager Barbara Grimes, or her designee, is hereby authorized to enter into and execute contracts with Siemens Energy, Inc. and eMeter Corporation for their web presentment product.