
REPORT TITLE: Renewal of Licensing Agreement, Technical Support, Maintenance and Hosting of the Energy Management Software

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer
Sean Baird, Commissioner of Digital and Information Services

RECOMMENDATION

That the renewal of the contracts for Licensing, Technical Support, Maintenance and Hosting of the Energy Management Software system consisting of the Intelligent Capture for Energy Management and Optical Character Recognition (ICEM-OCR) software proprietary to CDIT Inc., the Itron Metrix software proprietary to Itron Canada Inc. and the Energy Performance Dashboard software proprietary to Energy Insight Group Inc., for one 12-month period and five optional 12-month periods subject to budget availability, satisfactory pricing and vendor performance for an estimated total annual amount of \$229,000, in accordance with Procurement By-law 30-2018 as amended, be approved;

And further, that authority be granted to increase and extend the contracts for any additional goods and services that are deemed proprietary or similar in nature, to maintain the lifecycle of the system and to the limit of the approved budget.

REPORT HIGHLIGHTS

- The Energy Management Software, consisting of the Intelligent Capture for Energy Management and Optical Character Recognition (ICEM-OCR), the Itron Metrix and the Energy Performance Dashboard software, is currently used by Regional staff for energy procurement and planning services. The software supports the Region of Peel's financial sustainability, energy conservation and climate change mitigation efforts.
- The ICEM-OCR, Itron Metrix and Energy Performance Dashboard software are proprietary to CDIT Inc., Itron Canada Inc. and Energy Insight Group Inc., respectively.
- This is a sole source procurement due to the proprietary nature of the software. This group of products is customized to the Region and works together; as such, this renewal represents the only current option.
- Regional staff estimate savings and cost avoidance in the amount of \$8 Million annually assisted through the application of these software which advances sustainability.
- Approval is requested to extend the sole source contracts for one 12-month period and five optional 12-month periods to CDIT Inc., Itron Canada Inc. and Energy Insight Group Inc. at an estimated annual cost of \$229,000 in accordance with Procurement By-law 30-2018, as amended.

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DISCUSSION

1. Background

The Energy Management Software system has been used by the Region of Peel's energy team for over 10 years. This system consists of three software namely the Intelligent Capture for Energy Management and Optical Character Recognition (ICEM-OCR), the Itron Metrix and the Energy Performance Dashboard. This software contains proprietary source code from each vendor and is customized to the Region's program. The three products work together to form the solution that represents the only current option for the Region to continue the valuable work on energy budgeting, financing and sustainability. Regional staff prepare the budget and analyze and review for energy procurement and performance for cost savings which includes an automated billing process that uploads bills for error detection and payment. The annual budget for Region's energy costs for 2020 is \$53.6 Million. The software applications contribute to Region's success in savings and cost avoidance measures from energy management and bill review in the amount of more than \$8 Million annually.

The Intelligent Capture for Energy Management and Optical Character Recognition software is proprietary to CDIT Inc. and was awarded through Documents 2020-196N and 2016-199N. It is used by Regional staff in charge of energy procurement and planning to scan websites of Local Distribution Companies and download the Region's electricity and natural gas bills on a daily basis. There are over 900 energy bills processed by the Region every month. The software was expanded to create an additional function that automated the receipt and scanning of energy bills for payment. This reduces staff time in manual processing, eliminates paper billing and the costs of storage and filing the paper bills. It also reduces errors from keying, ensures timely payment of energy bills, maintains an accurate history of consumption while detecting and avoiding any missed bills, and ensures correction and recovery of overpayments from utility billing errors.

Energy consumption and financial information are used by the Region for financial planning, energy procurement, performance analysis and benchmarking, trending, energy conservation, greenhouse gas emission monitoring and climate change mitigation.

The Itron Metrix software is proprietary to Itron Canada Inc. and was awarded through Document 2016-116N. It is used by the staff in the annual forecasting of electricity and natural gas consumption for all regional facilities, needed for the development of the annual energy budgets and multi-year energy cost projections.

The Energy Performance Dashboard software is proprietary to Energy Insight Group Inc. and was awarded through Document 2016-697N. It is used by the staff for energy analytics and provide information on trending, benchmarking, greenhouse gas emissions and energy budget utilization for regional facilities. This is a web-based software, and access to it has been given to Region staff to ensure information on energy cost, energy budget utilization and energy consumption performance are readily available anytime for monitoring and analysis. Some staff of the Ontario Clean Water Agency (the Region's contractor currently operating the South Peel facilities), have likewise been granted access to the application to closely monitor energy performance of water and wastewater facilities.

Continued proprietary licensing, technical support, maintenance and hosting is required for the operation of the system. Staff concludes that the continued licensing and support plan of

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the vendors are acceptable, and the services provided deliver good value to the Region. Staff shall continue to scan the marketplace for alternative solutions should these become available and shall evaluate these based on cost and functionality considering the Region's future requirements.

2. Procurement Process

This is a non-competitive process. In accordance with Procurement By-law 30-2018, as amended, these contracts require Regional Council approval. The process to award these contracts is in compliance with the subject by-law.

Approval is requested to extend the sole source contracts to CDIT Inc., Itron Canada Inc. and Energy Insight Group Inc. for one 12-month period and five optional 12-month periods to continue to provide licenses, technical support, maintenance and hosting of the Energy Management Software used by Finance for all regional facilities at an estimated annual amount of \$229,000. The annual renewal shall be subject to budget availability, satisfactory pricing and vendor performance.

Authority is also requested to be granted to increase and extend the contracts for any additional goods and services that are deemed proprietary or similar in nature, to maintain the lifecycle of the Energy Management Software system, subject to the limit of the approved budget.

FINANCIAL IMPLICATIONS

The estimated annual cost of the Energy Management Software system is \$229,000, broken down as follows:

1. CDIT Inc. ICEM and OCR Software	-	\$116,000
2. Itron Metrix ND Forecasting Software	-	\$ 52,000
3. Energy Insight Performance Dashboard Software	-	<u>\$ 61,000</u>
TOTAL	-	\$229,000

Sufficient funding is available in the Capital and Operating Budgets under Energy Finance Cost Centre FA00004.

The use of the Energy Management Software has resulted in savings and cost avoidance in energy costs for the Region of over \$8 million a year through billing error recoveries, energy conservation initiatives and energy procurement.

CONCLUSION

The renewal for the continued use of the Energy Management Software will ensure support for the Region's financial sustainability, energy cost reduction, energy conservation and climate change mitigation programs and initiatives.

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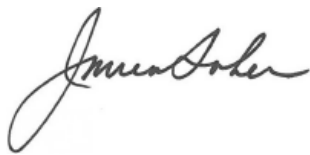
For further information regarding this report, please contact Peter Bacalso, Energy Finance Manager, email address: peter.bacalso@peelregion.ca.

Authored By: Peter Bacalso, Manager Energy Finance

Reviewed and/or approved in workflow by:

Department Commissioners, Division Directors and Procurement.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink, appearing to read "J. Baker". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke extending to the right.

J. Baker, Chief Administrative Officer