

SUBJECT: Authorize award, negotiation and execution of a 24-month contract with **KEMA, INC.**, Burlington, MA; **GDS ASSOCIATES, INC.**, Marietta, GA; and **ICF INTERNATIONAL**, Plano, TX, or one of the other qualified responders to RFQS No. TVN0010, for demand side management consulting services in an estimated amount not to exceed \$1,700,000 each and combined with one 12-month extension option in an estimated amount not to exceed \$850,000 each and combined, for a total estimated contract amount not to exceed \$2,550,000 each and combined.

AMOUNT AND SOURCE OF FUNDING: Funding in the amount of \$425,000 is available in the Fiscal Year 2010-2011 Operating Budget of Austin Energy. Funding for the remaining eighteen months of the original contract period and extension option is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

FOR MORE INFORMATION CONTACT: Terry Nicholson, Senior Buyer/ 512-322-6586

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: To be reviewed by the Resource Management Commission on February 15, 2011 and by the Electric Utility Commission on February 28, 2011

PURCHASING: Best three qualification statements of ten received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This is a service contract for demand side management with three consulting firms. This contract will assist Austin Energy (AE) in achieving the energy efficiency goals initiated in the City's Climate Protection Plan established in 2007 which calls for 30% of the electric utility's energy to be derived from energy conservation efforts by 2020, including 700 MW of Demand Side Management (DSM). While Austin Energy has enhanced capabilities in delivering the energy efficiency, DSM, renewable energy, smart grid, demand response, and the associated carbon reduction and other environmental benefits, AE's staff will also require specific consulting services to assist in the evaluation of energy plans and strategies for achieving the City's energy goals. The Contractors will provide the additional experience and expertise in DSM, ERCOT markets, demand response technologies, financing and business model development required for the successful attainment of the City's goals.

The Contractors will review programs and make recommendations to increase participation and cost effectiveness, recommend enhancements in response to changes in energy codes and standards, analyze current and proposed Federal and State legislation for efficiency and DSM programs and their impact on energy programs, as well as carbon management strategies including carbon offsets and the ability to claim savings. The Contractors will assist AE with the development of high level solar implementation strategies required to meet its goals for solar power including rebates, production based incentives, feed-in tariffs, net metering and the impact on customer bills, and the local electrical distribution system.

Other projects expected to require the Contractors expertise include:

- The creation of a business model for solar and DSM and the development of models for utility scale solar such as power purchase agreement strategies, ownership options, the review and recommendation of solar technology, installation locations, phasing and long-term operating strategies.
- Combined Heat and Power (CHP) potential within the AE service territory and the review of emerging technology and business models to develop long-term strategies.
- The development of performance incentives for energy efficiency and the development of alternative program approaches to minimize cost while maximizing participation and DSM efficiency and impact.
- Energy and demand reductions including measurement, verification, program, and code modeling to insure validity of savings and goals.
- Assist in program development and design for new and innovative energy, demand reduction and green building programs.

City Council's mandated FY2020 energy efficiency goals necessitate consultants with skill sets not currently available from staff. Independent, objective consultant analysis of energy efficiency technologies and programs will:

- provide an up to date assessment / baseline to replace the current five year old version;
- lead to internal program improvements through responsive methodology development and deployment;
- create or improve savings verification metrics; and
- develop the professional skill set of staff.

The qualification statements were evaluated by an Austin Energy team based on the system concept and solution proposed, experience & references, evidence of good organization and project management practices, and personnel qualifications.

This request allows for the development of a contract with the qualified responders that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected responders, negotiations will cease with that provider. Staff may return to Council so that Council may select another qualified responder and authorize contract negotiations with this provider.

MBE/WBE solicited: 32/38

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Three hundred and ninety-three notices were sent including 32 MBEs and 38 WBEs. Ten qualification statements were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated qualification statements received.
- b. The Purchasing Office concurs with the Austin Energy's recommended award.
- c. Advertised on the Internet.