

SUBJECT: Authorize award, negotiation, and execution of a 12-month service contract with **ENERNOC, INC.**, or one of the other qualified offerors to RFP No. TVN0027, to provide consulting services to expand Austin Energy's Commercial & Industrial Demand Response program in an estimated amount not to exceed \$586,080, with four 12-month extension options in an estimated amount not to exceed \$510,000 per extension option, for a total estimated contract amount not to exceed \$2,626,080.

AMOUNT AND SOURCE OF FUNDING: Funding in the amount of \$390,720 is available in the Fiscal Year 2012-2013 Operating Budget of Austin Energy. Funding for the remaining four months of the original contract period and extension options 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, Sr. Buyer, 512-322-6586

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on January 28, 2013 and the Resource Management Committee on January 15, 2013.

PURCHASING: Best evaluated proposal.

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 contract will provide Austin Energy (AE) with the expertise and technical services required to support the expansion of its Commercial & Industrial Demand Response (C&I DR) program from the current 2-4 MW to 40-50 MW by the year 2020. AE has had two C&I DR programs over the past decade. The "Load Cooperative" program which provides incentives directly to customers to shed load upon request during the summer season, and the "Load Aggregator" program which uses a third party to provide the same services by aggregating the load. In both of these programs, the customer/aggregator agrees to curtail load for the months of June through September during the hours of 1 pm to 8 pm upon notification from AE, typically by email. Load curtailment is performed by the customer through whatever means they have at their disposal, such as manual shutdowns or automated Energy Management System controls.

Curtailment event decisions are currently made by AE through constant monitoring of the net system load, the Electric Reliability Council of Texas (ERCOT) net system load, and weather predictions. Events are called when a day is predicted to be a peak system load day for either Austin Energy or ERCOT. Reducing the peak load on an AE peaking day reduces the need to build new generation, while reducing load on ERCOT peak days reduces 4-coincident peak (CP) charges AE must pay to ERCOT (The 4-CP is defined as the highest monthly 15-minute MW peak for the entire ERCOT Transmission Grid during the months of June, July, August, and September.)

The Load Cooperative had approximately 10 customers enrolled and about 54 sites that delivered 2.5-4.0 MW on average during the summer of 2011 and relies on AE Key Account Representatives as the primary sales force. AE intends to expand the number and duration of curtailment notices provided to customers to ensure that the customer curtailments provide the desired benefits for the AE system. In addition to providing curtailment notices for the AE annual peak demand and the ERCOT 4-CP demands, AE will issue notices to avoid high market prices as a means of passively participating in ERCOT markets to gain experience for possible future active participation. AE also anticipates that the curtailment season could be expanded to a year-round program to further enhance the benefits.

In its support of the C&I DR program, EnerNoc will be responsible for the following program functions throughout the contract term:

- Assist AE in target market development, renovate customer database, perform DR audits, develop customer specific DR plans, identify Automatic DR (AutoDR) customer requirements, design AutoDR systems, commission Auto DR systems, develop DRMS specifications, commission DRMS, monitor customer loads during DR events and provide coaching, support AE reporting requirements, provide DR equipment technical support and assist AE with program planning and analysis.
- Program Design and Customer Enrollment including marketing, education, development of the recruitment database, demand response audits, and demand response system design and installation.
- During-Event Business Functions including, manual control coaching and monitoring.
- Post-Event Business Functions including, reporting, equipment maintenance & technical support, and planning and analysis.
- Continuing support for all developed systems and programs

This contract will directly support the City of Austin's Climate Protection Plan which calls for 800 MW of new savings through energy efficiency and conservation efforts by 2020.

An Austin Energy evaluation team with expertise in this area evaluated the proposals and unanimously chose this proposal as the best to provide these services. Evaluation criteria used to evaluate the proposals included cost, concept and solution proposed, experience, references, and qualifications, organization and project management practices, and local business presence.

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

MBE/WBE solicited: 13/14

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. One hundred sixty six notices were sent including 13 MBEs and 14 WBEs. Seven proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

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