

**AGENDA**



**Recommendation for Council Action (Purchasing)**

<b>Austin City Council</b>	<b>Item ID:</b>	45104	<b>Agenda Number</b>	15.
<b>Meeting Date:</b>	May 21, 2015			
<b>Department:</b>	Purchasing			
<b>Subject</b>				
<p>Authorize negotiation and execution of a 36-month contract with COMVERGE, INC., or one of the other qualified offerors to Request for Proposal No. OPJ0113, for the installation and maintenance of load-control devices in single-family and multi-family residential housing and commercial facilities, in an amount not to exceed \$2,574,075, with two 12-month extension options, in an amount not to exceed \$858,025 per extension option, for a total contract amount not to exceed \$4,290,125.</p>				
<b>Amount and Source of Funding</b>				
<p>Funding in the amount of \$365,000 is available in the Fiscal Year 2014-2015 Operating Budget of Austin Energy. Funding for the remaining 32 months of the initial contract period and extension options are contingent upon available funding in future budgets.</p>				
<b>Fiscal Note</b>				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
<b>Purchasing Language:</b>	Best evaluated proposal received from the current provider of installation and maintenance of load-control devices. Current contract expires June 11, 2015.			
<b>Prior Council Action:</b>				
<b>For More Information:</b>	Oralia Jones, Senior Buyer Specialist, 512-322-6594			
<b>Boards and Commission Action:</b>	<p>April 20, 2015 - Approved by the Electric Utility Commission on a vote of 6-0.                  April 21, 2015 - Approved by the Resource Management Commission on a vote of 6-0.</p>			
<b>Related Items:</b>				
<b>MBE / WBE:</b>	This contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program by meeting the goals with 5.28% MBE and 1.23% WBE subcontractor participation.			

**Additional Backup Information**

The contract will be used to manage and maintain approximately 44 megawatts (MW) of existing demand response equipment already installed in customers' homes and businesses over the past 15 years through Austin Energy's Free Thermostat Program. The program includes one-way communicating programmable thermostats, direct load control devices installed on heating, ventilation and air conditioning (HVAC), pumps and motors and preprogrammed timers on electric water heaters installed in single family and multifamily homes and some small businesses.

Austin Energy committed to customers that maintenance of the free remotely-communicating thermostats and other similar load management equipment would be provided through its Unitary Load Management (ULM) program. The ULM program includes maintaining the existing Free Thermostat Program and the Cycle Saver Program, both of which have been operating since the Spring of 2000 and have installed over 75,000 programmable thermostats and over 21,000 timers and direct load control devices on electric water heating.

The primary purpose of Austin Energy's ULM program is to defer or eliminate the dispatch of the most expensive electrical generation and reduce congestion on the grid during periods of the highest summertime peak demand by cycling off customer air conditioners and water heaters for short periods of time to reduce electrical load. This reduces Austin Energy's operating cost, lowers pass-through costs for all customers and reduces load on the grid. The ULM program contributes significantly to the City's overall goals of reducing demand by 900 MW by 2025.

The contract will also provide turn-key services that include troubleshooting and replacement of one-way communicating thermostats, direct load control devices, water heater timers, as well as the installation of preprogrammed water heater timers and generic non-communicating programmable thermostats. In addition, the contractor's responsibilities include the program administration and operation of a bilingual call center. Its customer service call center provides enrollment in the program, appointment scheduling, problem-solving, customer removal from the program and the ability for customers to opt out for specific events. Other responsibilities include data management, inventory control, tracking, and reporting.

Because the existing one-way radio stat technology is being phased out by the industry, future responsibilities under this contract may also include the installation of two-way communicating thermostats. These devices may be installed in existing residential single-family homes, multi-family complexes, small businesses, and commercial and governmental properties located in Austin Energy's electric service territory.

The service is considered demand response and not conservation and, therefore, the environmental impact is minimal. However, the contract maintains load control thermostats and switches already deployed. The annual report for 2014 is still being developed, but the program shed an estimated 44 MW in 2013.

An Evaluation Committee composed of personnel from Austin Energy with expertise in this area evaluated the proposals and, based on specific criteria, scored this proposal as the one which best meets the requirements. Evaluation criteria included system concept and solutions proposed, experience, evidence of management practices and ability to manage and operate a call center, cost and local business presence.

The current contract extension expires on June 11, 2015. Failure to act will cause a lapse in service for residential, small commercial and house of worship customers who participate in this program. It will also delay the deployment of an estimated 44 MW of demand response until the contract can be updated.

MBE/WBE solicited: 53/31

MBE/WBE bid: 0/0

#### **PRICE ANALYSIS**

- a. Adequate competition
- b. 857 notices were sent, including 53 MBEs and 31 WBEs. Four proposals were received with no responses from the MBEs/WBEs.

**APPROVAL JUSTIFICATION**

- a. Best evaluated proposal.
- b. The Purchasing Office recommends contract award consistent with the findings of the evaluation committee.
- c. Advertised on the internet.