

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

50209

Agenda Number

31.

Meeting Date:

October 1, 2015

Department:

Purchasing

## Subject

Authorize negotiation and execution of a contract with PA CONSULTING GROUP, INC. for professional services necessary to provide staff training on operations modeling and support development of operational metrics for Austin Energy in an amount not to exceed \$217,000.

## Amount and Source of Funding

Funding is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing  
Language:

Professional Services

Prior Council  
Action:For More  
Information:

Nicole Turner, Senior Buyer Supervisor, 512-322-6586

Boards and  
Commission  
Action:

September 21, 2015 - Unanimously approved by the Electric Utility Commission on a 11-0 vote.

Related Items:

MBE / WBE:

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

## Additional Backup Information

Austin Energy is seeking a contract with PA Consulting Group Inc. (PA Consulting) under which PA Consulting will train Austin Energy staff to perform modeling of operations (transmission and distribution business, customer engagement and retail operations) and finances based on future scenarios. This work will ensure the appropriate allocation of resources to the highest priority operating initiatives, and will build Austin Energy's capacity to perform operational modeling in-house going forward.

For this contract, PA Consulting will provide training on the development and interpretation of operating models to a cross-functional team of utility staff. These operating models will provide insight into the potential implications that changing utility environments may have on finances, operations, and quantitative and qualitative indicators of customer satisfaction (e.g. high level impacts to costs of operation, product or service offerings).

In addition, PA Consulting will support the prioritization of initiatives relevant to future operations, and the development of key performance indicators and associated metrics that can be used to measure performance with operational initiatives over time. This work will focus on establishing and applying industry best practices for developing metrics that can be tracked currently and/or with the advent of tools and systems planned for development as part of the technology strategy and roadmap implementation (e.g. enterprise performance management, customer analytics).

PA Consulting has experience working with a number of utilities to provide similar services, an understanding of several complex utility modeling tools, significant experience modeling the Electric Reliability Council of Texas (ERCOT) electricity market and associated assets, and the expertise required to use these tools to model future operating scenarios. They are highly experienced in models like UPLAN, Austin Energy's modeling tool that requires hundreds of individual inputs in order to accurately model Austin Energy's operations, and the experience and skills required to train our staff to use in-house tools to model and assess impacts to Austin Energy's transmission and distribution business and retail operations under likely future operating scenarios. In addition to their extensive experience with electric utilities and specific experience with municipal utilities, PA Consulting has experience working with Austin Energy to identify key technology and operational initiatives, and has a solid understanding of Austin Energy's culture, priorities, and the community.