CITY OF AUSTIN – PURCHASING **COUNCIL DATE: 10/06/2016**
REQUEST FOR COUNCIL ACTION
VENDOR: STEM, INC.

SUBJECT: Authorize negotiation and execution of a contract with STEM, INC. to provide integrated energy storage systems and control software implementation services for Austin Energy's SHINES project, in an amount not to exceed $750,000.

AMOUNT AND SOURCE OF FUNDING: Funding is available in the Fiscal Year 2016-2017 Capital Budget of Austin Energy.

FISCAL NOTE: A fiscal note is attached.

PURCHASING: Austin Energy is designating this purchase as a Critical Business Need in accordance with Senate Bill 7, as adopted by the City as Resolution No. 040610-02.

FOR MORE INFORMATION CONTACT: Terry V. Nicholson, Sr Buyer Supervisor, 512-322-6586

BOARD AND COMMISSION ACTION: September 19, 2016 - To be reviewed by the Electric Utility Commission. September 20, 2016 - To be reviewed by the Resource Management Commission.

MBE/WBE: This contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. MBE/WBE goals of 3.12% MBE and 1.12% WBE have been established for the project.

The contract will provide Austin Energy (AE) with integrated energy storage systems and control software implementation services in support of the Austin SHINES project underway at AE. The Contractor will be responsible for the development, deployment and integration of batteries and smart inverters to be located at several commercial sites, along with aggregation control software that will communicate with AE's Distributed Energy Resource control system.

In February 2016, the U.S. Department of Energy (DOE) awarded the City of Austin (Austin Energy or AE) a $4,300,000 cooperative agreement grant under the DOE Sustainable and Holistic Integration of Energy Storage and Solar PV (SHINES) program. AE's proposal for the "Austin SHINES" project includes the design, development, and demonstration of integrated photovoltaic (PV) and energy storage solutions that are scalable, secure, reliable and cost-effective. The integration of field assets is supported by a software management platform that optimizes the use of solar PV and energy storage. The goal of the DOE funding opportunity is to enable holistic design and widespread sustainable development of low-cost, flexible, and reliable solutions that have energy storage as one of the key components, for successful integration of increasing levels of solar PV generation. Austin SHINES is a pilot project in Austin to demonstrate the capabilities of energy storage at the utility, commercial, and residential scale with solar PV integration. AE presented an overview of the Austin SHINES project to the AE Utility Oversight Committee in March 2016.

The Austin SHINES project aims to establish a template for other utilities and regions to follow to cost-effectively maximize the penetration of distributed solar PV. In addition, the proposed solution will enable distribution utilities to mitigate potential negative impacts of high penetration levels of PV caused by the intermittency and variability of solar production, which causes stress to the grid. Specific

objectives include the installation of approximately four mega-watts of distributed battery storage, approximately 30 smart inverters and other enabling technologies. All of these resources will be integrated and optimized at the utility level using an approach that allows a variety of management strategies and drives development of enabling standards as well as technology innovation.

The application process for this DOE funding opportunity required the compilation of a diverse project team to provide a holistic study and solution, and Stem, Inc. has been chosen through a competitive process to provide the commercial storage aggregator services. Due to the stringent requirements outlined in the Federal Grant, the development phase of this contract must be completed by the end of June 2017, to maintain funding.

An evaluation team with expertise in this area evaluated the offers and scored Stem, Inc. as the best to provide these services based on the project concept and operational viability, corporate experience and personnel qualifications, cost, and local business presence.