


MEMORANDUM

TO: Gage Loots, Corporate Purchasing Manager
FROM: Mark Dombroski, Interim General Manager 
DATE: August 12, 2016
SUBJECT: Critical Business Need to Contract with Grant-Funded Project Team Member

Action:

As detailed below, and in accordance with City Council approved purchasing procedures, I have designated the purchase of 3rd Party Commercial Aggregator services to provide integrated energy storage systems associated with a U.S. Department of Energy (DOE) Cooperative Agreement Grant as a Critical Business Need of Austin Energy (AE) in order to allow for a modified purchasing process.

A modified purchasing process is justified by:

- The limited number of companies providing this emerging technology service
- The compressed timeframe dictated by the grant requirements and interdependencies with other project components

Total contract awarded as a Critical Business Need is estimated to be \$750,000.

AE has coordinated with Purchasing to bring an RCA to City Council in October, 2016.

Background:

One of the key renewable metrics in Austin Energy's Generation Plan (approved by Austin City Council in December 2014) is deployment of distributed energy resources (DER), including specific goals for local energy storage and local solar PV. To support the City Council goal, this project will advance AE's experience and deployment with emerging technologies such as energy storage and smart inverters to support the increase of solar penetration within the AE service area. AE proposes a limited deployment of battery energy storage and smart inverters and the development of a DER management software tool as further described below.

AE partnered with Doosan GridTech (formerly 1Energy Systems) and Pecan Street, Inc. along with other named partners to apply for and receive a \$4.3 million cooperative agreement grant from the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy (EERE) for its "Austin SHINES" project. The Grant awarded to Austin Energy and the Austin SHINES proposal participants, #DE-EE0007177, was announced by the DOE in January 2016. The Sustainable and Holistic Integration of Energy Storage and Solar PV (SHINES) program develops and demonstrates integrated solar PV and energy storage solutions that are scalable, secure, reliable, and cost-effective. One of the goals of SHINES is to create a credible pathway

towards enabling increasing amounts of solar to be integrated reliably and cost effectively onto the electric grid.

The application process for this DOE funding opportunity required the compilation of a project team from the onset of the project's proposal. Specifically, the Funding Opportunity Announcement (FOA) states, "The project team should include at least one utility, and is also expected to have a PV module supplier/solar installer, inverter company, energy storage supplier, and other key stakeholders as applicable, as part of their team, in designing, developing, and deploying the proposed SHINES solution." AE addressed this requirement by developing its Austin SHINES project in collaboration with several parties. A key team member, the 3rd Party Commercial Aggregator, was not identified in the grant due to both time constraints and the limited number of companies providing the service required.

The 3rd Party Commercial Aggregator will support energy storage systems in commercial facilities over the three year project by providing the following services:

- Support Austin Energy during the participant recruitment phase.
- Select and install appropriate equipment (commercial energy storage systems and smart inverters).
- Provide aggregated controls integration and operation through a web-hosted software platform.

The unique opportunities presented with the Austin SHINES project serve as a foundation to help AE develop best practices and programs for future deployments and ultimately advance the city's renewable energy goals to include distributed solar and storage.

CC: Marc A. Ott, City Manager