

AGENDA



Thursday, April 5, 2007

Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

Item No. 15

Subject: Authorize award, negotiation, and execution of a 12-month requirements service contract with LCG CONSULTING, Los Altos, CA to perform a Texas Nodal Locational Marginal Price (LMP) Impact Analysis and Risk Assessment in an estimated amount not to exceed \$104,350, with two 12-month extension options in an estimated amount not to exceed \$104,350 per extension option, for a total estimated contract amount not to exceed \$313,050.

Amount and Source of Funding: Funding in the amount of \$52,175 is available in the Fiscal Year 2006-2007 Operating Budget of Austin Energy. Funding for the remaining six 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: Sandy Calles, Sr. Buyer/512-322-6487

Purchasing Language: Best evaluated proposal of six proposals received.

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.

As mandated by the Public Utility Commission of Texas (PUCT), the ERCOT Electricity Market is expected to transition from a current zonal pricing market to a nodal pricing market in December 2008. This major structural change will cause Austin Energy (AE) to assess its cost and operational impacts due to the upcoming nodal market.

The contract with LCG Consulting will provide AE with expertise for modeling the Texas electrical network of the upcoming nodal market and for assessing the impacts on Austin Energy's generation resources. LCG will simulate the financial and physical operations of the electric grid in a Texas nodal market to perform a comprehensive evaluation of operational and cost parameters and to determine the Locational Marginal Price (LMP) impacts on AE generation and load. The study will also perform nodal pricing calculations, transmission congestion analysis, and power transaction analysis as it relates to the operations and costs impacts of the Electricity Reliability Council of Texas (ERCOT) Texas Nodal Market on the AE generation portfolio and load.

MBE/WBE solicited: 0/0 MBE/WBE bid: 0/0

RFP No. CMC0001

PRICE ANALYSIS

a. Adequate competition

b. Ninety-two notices were sent. There are no known MBEs/WBEs listed for this commodity code. Seven solicitations were issued. Six proposals were received.

APPROVAL JUSTIFICATIONS

a. Best evaluated proposal.

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