

AGENDA



Thursday, August 30, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 38**

Subject: Authorize award, negotiation, and execution of a 12-month requirements service contract with LCG CONSULTING, Los Altos, California to procure licenses, databases, and interfaces for a nodal network market planning model in an estimated amount not to exceed \$246,000, with four 12-month extension options in an estimated amount not to exceed \$212,750 for the first extension option, \$220,500 for the second extension option, \$228,900 for the third extension option, and \$237,500 for the fourth extension option, for a total estimated contract amount not to exceed \$1,145,650.

Amount and Source of Funding: Funding in the amount of \$246,000 is available in the Fiscal Year 2006-2007 Approved Capital Budget. Funding for the extension options is contingent available funding in future budgets.

Fiscal Note: A fiscal note is attached.

For More Information: Carole Cameron, Purchasing Manager, 322-6155

Purchasing Language: Best evaluated proposal of two 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. The new market design results in a major structural change that requires significant upgrades to Austin Energy's (AE) existing systems. AE's resource planning, settlement, trading, scheduling/optimization processes, as well as new market simulation engines, and communication systems will need to reflect the major changes in ERCOT's new market design.

The Nodal Market Planning Model will provide AE with the capability of modeling the new ERCOT nodal market to assist in making energy trades and congestion hedges decisions in the Day-Ahead, Adjustment, and Real Time Operating periods. The model will also provide the capability of performing long-term studies for the new nodal market. Model licenses, databases, interfaces, training, and maintenance are included in the contract scope.

A Request for Proposals was issued in June 2007. The proposals were evaluated with respect to their total cost, model capabilities and implementation plan, company experience with Locational Marginal Pricing (LMP) nodal markets (preferably in Texas), personnel qualifications and pertinent experience with nodal markets, and the vendor's presentation/demonstration of their model's use, capabilities, and methodologies. MBE/WBE solicited: 14/5 MBE/WBE responded: 0/0

PROPOSAL ANALYSIS

a. Adequate competition

b. Three hundred eighty-five notices were sent, including 14 MBEs and five WBEs. Two proposals were received.

c. This is the first purchase of its type; therefore, there is no pricing history available.

APPROVAL JUSTIFICATIONS

a. Best evaluated proposal received.

b. The Purchasing Office concurs with Austin Energy's recommended award.

c. Advertised on the Internet.