

AGENDA



Thursday, October 23, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 30**

Subject: Authorize award, negotiation, and execution of a 24-month requirements service contract with COMVERGE, INC., East Hanover, NJ for the installation of load-control devices in single-family and multi-family residential housing and commercial facilities, in an estimated amount not to exceed \$3,829,814, with three 12-month extension options in an estimated amount not to exceed \$1,914,907 for each extension option, for a total estimated contract amount not to exceed \$9,574,535.

Amount and Source of Funding: Funding in the amount of \$1,454,907 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding in the amount of \$460,000 is available in the Fiscal Year 2008-2009 Operating Budget Conservation Rebates and Incentives Fund of Austin Energy. Funding for the remaining 12 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, Buyer Sr., 322-6487.

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.

This contract will provide services for the installation of load-control management devices, such as programmable demand response thermostats, digital timers for water heaters, and Direct Control Unit switches (DCU) for pump and motors or multiple appliance applications for Austin Energy (AE). This installation contract also allows for the installation of other similar type of load management devices in single family, multi-family, commercial, and municipal facilities. All devices must be dispatchable and designed to reduce AE summer peak demand and minimize generation congestion. The service also includes a customer service call center that provides enrollment in the program, appointment scheduling, problem-solving, and customer removal from the program. The load-control management devices will be purchased under a separate contract.

Austin Energy's Demand Response Program includes the Power Partner Program and the Cycle Saver Program, both of which has been in effect since the Spring of 2000 and have resulted in the installation of over 75,000 programmable thermostats and over 14,000 Timers and DCU-type devices on Austin Energy's customers' electric water heaters.

This contract will allow for the installation of an estimated 11,000 programmable thermostats per year, 2,500 Timer/DCU-type switches for water heaters in multi-family complexes; 500 Timer/DCU-type switches for water heaters in single-family homes and commercial electric water heating, and 100 DCU switches in commercial facilities for various pump and motor applications.

The primary purpose of the Demand Response Program is to defer or eliminate the dispatch of the most expensive electrical generation and reduce congestion on the grid during periods of the highest overall

demand. The program is also a tool to defer the construction of the next unit of generation by managing the system peak energy production.

Since this service is demand response and not conservation, the environmental impact is minimal, but is expected to save 9,075 kilowatts (kW) of peak demand savings and 126,400 kilowatt hours (kWh) of energy savings per year. This translates into annual emission reductions of 82 tons of carbon dioxide which equates to 18 vehicles being eliminated from the Austin roadways. MBE/WBE solicited: 14/13

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Eighty-nine notices were sent, including 14 MBEs and 13 WBEs. Two proposals were received, with no responses from the MBEs/WBEs.

APPROVAL JUSTIFICATION

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