

## AGENDA



Thursday, December 18, 2008

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 52**

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**Subject:** Approve ratification of a contract with WORLEYPARSONS GROUP INC., Houston, TX, for the evaluation of the revised proposal by NRG South Texas LP to construct additional generating units at the South Texas Project, valuation of existing plant assets, and analysis of potential impacts to the existing units from the proposed new units, in an amount not to exceed \$241,125.

**Amount and Source of Funding:** Funding in the amount of \$241,125 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy.

**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:** Critical Business Need.

**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.

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On November 25, 2008, Austin Energy designated a consulting contract with WorleyParsons as a critical business need. This contract is for (a) the evaluation of the most recent proposal submitted by NRG South Texas LP regarding its plan for additional units at the South Texas Project (STP); (b) the valuation of common assets that would need to be divided should Austin not participate in the project; and (c) the assessment of potential adverse impacts upon the existing units from the proposed expansion. This evaluation will provide an overall assessment of the proposal including but not limited to costs, schedules, and potential impacts to Austin Energy.

In addition to evaluating the proposal, this contract will provide Austin with information that will be needed in the event Council opts to decline the proposal, including the potential for adverse consequences that may be caused by the proposed new units. In the event of an opt-out decision, it will also be necessary to value the plant's commonly owned facilities to determine the appropriate compensation from the new unit owners for their use and ownership of those facilities.

WorleyParsons was previously selected through a competitive selection process to perform the analysis of NRG's 2007 estimate regarding the expansion project. Its familiarity with the project and its previous work will allow Worley Parsons to start immediately and proceed more quickly in order to allow sufficient time for staff and Council to evaluate the proposal. Austin Energy received NRG's proposal on November 13, and is obligated to provide a response within 90 days of a valid opt-in request (i.e., February 13, 2009). Austin Energy will report back to Council prior to that date with the results of WorleyParsons evaluation and staff recommendations.