

AGENDA



Thursday, December 17, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 60**

Subject: Authorize award, and execution of Amendment No. 3 to the contract with OPEN SYSTEMS INTERNATIONAL, INC., Minneapolis, MN, for the purchase of Generation Management System (GMS) software, annual maintenance and support, and implementation by increasing the contract authorization for the two remaining extension options in an estimated amount not to exceed \$150,000 per extension option, and adding three additional 12-month extension options in an estimated amount not to exceed \$150,000 per extension option, for a revised total estimated contract amount not to exceed \$1,895,227.

Amount and Source of Funding: Funding in the amount of \$150,000 is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy. Funding for the remaining extension options is contingent upon available funding in future budgets.

Fiscal Note: A fiscal note is attached.

For More Information: Art Acuña, Senior Buyer/322-6307

Purchasing Language: Contract Amendment.

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.

Boards and Commission Action: Recommended by the Electric Utility Commission.

Prior Council Action: August 9, 2007 - Approved original contract.

On August 9, 2007, Council approved a 12-month requirements service contract with Open Systems International (OSI), in an estimated amount not to exceed \$795,000, with four 12-month extensions options in an estimated amount not to exceed \$57,750 for the first extension option, \$60,638 for the second extension option, \$63,670 for the third extension option, and \$66,854 for the fourth extension option, for a total estimated contract amount not to exceed \$1,043,912. This contract will expire on September 30, 2012.

This proposed Amendment No. 3 will allow Austin Energy (AE) to extend the contract by three additional years with an expiration date of September 30, 2015. The extension of services will allow AE's Qualified Scheduling Entity to use this Generation Management System (GMS) to meet ERCOT (Electric Reliability Council of Texas) mandated operational requirements in the ERCOT Nodal and Zonal Electric Market. This system enables AE to monitor, control, and dispatch its generation resources to serve the native load, and to follow dispatch instructions from ERCOT, the statewide electric grid operator, as part of AE's responsibility towards the reliability of the state grid. This real-time 24x7 Supervisory Control and Data Acquisition/GMS is a fundamental requirement for power generating entities to participate in the ERCOT market, and for compliance with North American Reliability Corporation standards governing the reliability and operations of the state electric grid. The remaining extension options three and four will be increased by \$150,000 each. In addition options five, six and seven are estimated at annual expenditures of \$150,000 each.

As of October 1, 2009, AE's generation resources are controlled by OSI's Monarch Generation Management System (GMS). The GMS was originally acquired for the December 2008 start of the ERCOT Nodal market. Last year's delay of the Nodal Market (now planned for December 2010) created additional work requirements involving AE's plans to retire its previous GMS and perform upgrades on related systems. AE worked to modify the system to allow it to work in the existing ERCOT Zonal Market. This previously unscheduled project was accomplished much more quickly than a typical installation and required the collaboration of several internal and external partners. As a result of an expanded scope of work for the project at ERCOT's instruction, additional funding is needed. This additional funding enables AE to operate in either the zonal or nodal market, by simply switching applications and it enhances AE's readiness level for the upcoming re-start of the Nodal Market.