

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

63201

Agenda Number

46.

Meeting Date:

October 6, 2016

Department:

Purchasing

### Subject

Authorize negotiation and execution of a contract with STEM, INC., to provide integrated energy storage systems and control software implementation services for Austin Energy's SHINES project, in an amount not to exceed \$750,000.

### Amount and Source of Funding

Funding is available in the Fiscal Year 2016-2017 Capital Budget of Austin Energy.

### Fiscal Note

A fiscal note is attached.

**Purchasing Language:**

Austin Energy is designating this purchase as a Critical Business Need in accordance with Senate Bill 7, as adopted by the City as Resolution No. 040610-02.

**Prior Council Action:**



**For More Information:**

Terry V. Nicholson, Senior Buyer Supervisor, 512-322-6586

**Boards and Commission Action:**

September 19, 2016 - Unanimously recommended by the Electric Utility Commission on a 10-0 vote with Commissioner Roa absent.  
September 20, 2016 - Recommended by the Resource Management Commission on a 6-0 vote with Commissioners Dielmann, Santiago, and Saum absent.

**Related Items:**

**MBE / WBE:**

This contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program by exceeding the goals with 4.0% MBE and 2.0% WBE participation.

### Additional Backup Information

The contract will provide Austin Energy with integrated energy storage systems and control software implementation services in support of the Austin SHINES project. The Contractor will be responsible for the development, deployment and integration of batteries and smart inverters to be located at several commercial sites, along with aggregation control software that will communicate with Austin Energy's Distributed Energy Resource control system.

In February 2016, the U.S. Department of Energy (DOE) awarded the City of Austin a \$4,300,000 cooperative agreement grant under the DOE Sustainable and Holistic Integration of Energy Storage and Solar PV (SHINES) program. Austin Energy's proposal for the "Austin SHINES" project includes the design, development, and demonstration of integrated solar photovoltaic (PV) and energy storage solutions that are scalable, secure, reliable and cost-effective. The integration of field assets is supported by a software management platform that optimizes the use of solar PV and energy storage. The goal of the DOE funding opportunity is to enable holistic design and widespread sustainable development of low-cost, flexible, and reliable solutions that have energy storage as one of the key components, for successful integration of increasing levels of solar PV generation. Austin SHINES is a pilot project in Austin to demonstrate the capabilities of energy storage at the utility, commercial, and residential scale with solar PV integration. Austin Energy presented an overview of the Austin SHINES project to the Austin Energy Utility Oversight Committee in March 2016.

The Austin SHINES project aims to establish a template for other utilities and regions to follow to cost-effectively maximize the penetration of distributed solar PV. In addition, the proposed solution will enable distribution utilities to mitigate potential negative impacts of high penetration levels of solar PV caused by the intermittency and variability of solar production. Specific objectives include the installation of approximately four mega-watts of distributed battery storage, approximately 30 smart inverters and other enabling technologies. All of these resources will be integrated and optimized at the utility level using an approach that allows a variety of management strategies and drives development of enabling standards as well as technology innovation.

The application process for this DOE funding opportunity required a diverse project team to provide a holistic study and solution, and Stem, Inc. has been chosen through a competitive process to provide the commercial storage aggregator services. Due to the stringent requirements outlined in the federal grant, the development phase of this contract must be completed by the end of June 2017, to maintain funding.

Austin Energy determined that Stem, Inc. was the most qualified Contractor available to perform the requirements of the project, based on their expertise in the industry, the quality/design of their aggregation software, their understanding of codes and related requirements, and overall experience on projects of similar size and scope.