



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 19
AGENDA DATE: Thu 03/25/2004
PAGE: 1 of 2

SUBJECT: Authorize negotiation and execution of a contract with LCG CONSULTING, Los Altos, CA for services for a cost/benefit analysis for compressed air energy storage in an amount not to exceed \$145,400.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2003-2004 Approved Operating Budget of the Electric Utility Department.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Ron Ayers, Contract Development Analyst, 512-322-6059

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of six proposals received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 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 an independent analysis and risk assessment of the value of a Compressed Air Energy Storage (CAES) facility to Austin Energy's generation portfolio. CAES technology uses electric energy generated primarily from wind power sources to compress air for underground (salt dome/hard rock cavern) storage. During periods of peak demand, the compressed air is withdrawn from storage, heated by burning natural gas fuel, and expanded through a turbine to furnish power to the shaft of an electric generator. The purpose of potential incorporation of a CAES facility is to reduce transmission congestion risks associated with importing large scale wind power from remote regions and to assist Austin Energy in achieving its long-term strategic goal to have 20% of its generation resources based on renewable energy.

The contract resulting from this proposal will be for the above described analysis, a final report, and a formal presentation to Austin Energy. The final report will provide detailed descriptions on the results of the economic and technical assessment, including the costs, benefits, risks, and transmission congestion impacts associated with the incorporation of CAES into Austin Energy's system.

The evaluation committee was comprised of members of various divisions within Austin Energy including Energy Market Analysis, Fuel Supply & Risk Management, Strategic Planning, and Finance.

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0



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**RFP NO. RA04300001
PRICE ANALYSIS**

- a. Adequate competition.
- b. Eight notices were issued. Six proposals were received. There were no known M/WBE's for this commodity code.
- c. The City has not contracted for this type of service in the past; therefore there is no price comparison.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal.
- b. The Electric Utility Department concurs with the recommended awardee.
- c. Advertised on the Internet.