



Item #19

**Purchasing Office
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 4/6/2006
ITEM NO:**

Subject: Authorize negotiation and execution of a power purchase agreement for three years with J. ARON and COMPANY, New York, NY, for the purchase of 250 megawatts of electrical energy and capacity in an amount not to exceed \$132,000,000. Should negotiations prove unsuccessful, authorize negotiation and execution of a power purchase agreement with GUADALUPE POWER PARTNERS L. P., Dallas, TX, for the same.

Amount and Source of Funding: Funding will be provided through the Electric Utility Fuel Charge revenue.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Requesting Department:

For More Information: Carole Martindale, Purchasing Manager/322-6155

Prior Council Action:

Boards and Commission Action:

Purchasing Language: Best evaluated proposals of 27 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 power purchase agreement will provide energy and capacity for three years, starting in 2008, for 250MW of conventional energy capacity. The contract will allow Austin Energy (AE) to complete the closure of the Holly Power Plant by December 31, 2007, while maintaining adequate generating reserves.

A Request for Proposal (RFP) was issued in November 2005 for the purchase of renewable and conventional energy. Proposals for conventional energy and capacity were received from 9 different companies. These companies proposed 27 distinct pricing structures, with a total of 98 possible configurations to meet the 250 MW requirement. The proposals offered various energy products, including daily calls, and must-take energy for full or partial years for periods of one to twenty years. The proposals were evaluated with respect to their total evaluated cost, operations, financial viability and proposer experience.

Energy from the suppliers will be transmitted to AE through the electric transmission system operated by the Electric Reliability Council of Texas (ERCOT).

MBE/WBE bid: 0/0 MBE/WBE sent: 0/0

RFP No. CM06100002

PRICE ANALYSIS

a. Adequate competition

b. Forty-one solicitations were issued. Twenty-seven conventional pricing proposals were

received. There are no known MBEs or WBEs for this commodity code.

APPROVAL JUSTIFICATIONS

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