



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Denton Municipal Electric

CM/ ACM: Todd Hileman

Date: May 2, 2017

SUBJECT

Consider adoption of an ordinance authorizing the City Manager, or his designee, to execute an amendment to the Energy Trading Risk Management Contract with ABB/Ventyx. The Public Utilities Board recommends approval (6-0).

BACKGROUND

This agenda item is to seek approval by City Council for an amendment to the existing Energy Trading Risk Management (ETRM) software contract with ABB/Ventyx. This software is in use by the Energy Management Organization (EMO) as the "System of Record" to track and record energy purchases and sales. As the "System of Record" for EMO transactions, the ETRM software is similar to JD Edwards for City accounting functions. The purpose of the software is:

- Records energy transactions
- Aggregates transactions and communicates energy schedules with the Electric Reliability Council of Texas (ERCOT)
- Tracks our financial results
- Provides transaction reporting and;
- Provides invoicing and counterparty checkout capabilities

Both ABB/Ventyx and DME believe the existing ETRM system is not appropriate for use with the City's Renewable Denton Plan (RDP) focus for the following reasons:

- High variability of renewable PPA agreements require hourly updates to ERCOT
- A much larger volume of transactions
- ABB/Ventyx does not plan to enhance their software to accommodate RDP
- Because both ABB/Ventyx and DME have changed their business models, both parties agreed to change the length of the contract term

RECOMMENDATION

Consideration of approval of an amendment to the Energy Trading Risk Management (ETRM) software system contract with ABB/Ventyx.

ESTIMATED SCHEDULE OF PROJECT

The existing software contract, once amended, will run through December 1, 2017, following the City Council approval on May 2, 2017.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On April 28, 2017, a briefing on this matter was provided to the Public Utilities Board and City Council through the Legal Status Memo. In addition, this item was discussed in a Closed Session meeting with the Public Utilities Board on April 24, 2017, and the City Council on May 2, 2017. The Public Utilities Board recommended approval on March 24, 2017 by a vote of 6-0 (PUB17-082).

FISCAL INFORMATION

The amended ETRM contract annual operations and maintenance expenses will continue to be funded from account # 600003.7804.5750A.

BID INFORMATION

City Procurement issued RFP #6313, in December 2016, for a replacement ETRM software package. The initial evaluation matrix is shown in the figure below. The highest evaluated respondents (1-3) were extended the invitation to submit a Best and Final Offer (BAFO).

Initial Rank	Company	Hosting Solution	Initial Evaluation Score	Delivery, 10% or 10 points	Probable Performance & Compliance with Specs, 50% or 50 points	Price, 40% or 40 points	Location	Notes
1	Pioneer	Web based or Software as a service	77	5.0	50.0	21.6	Denver, CO	
2	FIS	Web based or Software as a service	73	5.0	45.0	22.5	Houston, Texas	
3	Allegro	Local or on-premise	69	6.0	40.0	23.4	Dallas, Texas	
4	OATI	Web based or Software as a service	67	6.7	20.0	40.0	Minneapolis, MN	Did not meet the functionality required by the EMO
5	SoftSmiths	Web based or Software as a service	64	10.0	15.0	39.3	Houston, TX	Did not meet the functionality required by the EMO
6	FIS	Local or on-premise	55	5.0	40.0	9.6	Houston, Texas	
7	OATI	Local or on-premise	50	6.7	25.0	18.6	Minneapolis, MN	

The final BAFO evaluation matrix is provided below:

EVALUATION SCORE AND POINTS	FIS Energy Web Hosted	Pioneer Solutions Web Hosted	Allegro Local Install
Price at 40% or 40 points	33	40	39
Probable Performance & Compliance with Specs at 50% or 50 points	45	50	40
Delivery at 10% or 10 points	8	8	10
Total Score	86.3	98	89

Staff will return to the Public Utilities Board on May 8, 2017 for recommendation for approval of the ETRM

contract with Pioneer Solutions, LLC. and the City Council on May 9, 2017 for approval.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**

Related Goal: **1.5 Utilize technology to enhance efficiency and productivity**

EXHIBITS

Exhibit 1: Ordinance

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