

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF CONTRACT FOR ELECTRIC MARKET PARTICIPANT SERVICES SOFTWARE

BACKGROUND:

This action involves renewal of a subscription for market specific software that provides the necessary tools to electronically communicate and conduct transactions with the Midcontinent Independent Transmission System Operator (MISO) Energy Market.

This software assists Electric Services in managing the load (the electrical demand of our customers), the generation from the City's Power Plant, our wind resources, plus the imported power from the MISO market to satisfy customers' electrical consumption. The use of this software allows staff to make informed decisions on how to engage in the MISO market, and enables staff to check the accuracy of MISO's very complex billing system. Rather than owning the software, the City leases it and contracts for needed support services.

On April 22, 2014, City Council awarded a contract to MCG Energy Solutions, LLC., Minneapolis, MN, in the amount of \$118,800 for MISO Market Participant Services for Electric Services.

This contract included the option for the City to renew in one-year increments for up to two additional years. Staff recommends renewing the agreement for FY 2015/16. The price escalator provision under this contract increases the monthly rate by 1% above the previous fiscal year's monthly rate at time of renewal. The contract amount for the coming year will be \$119,988. This increase is in accordance with the contract terms initially established. **This is the first renewal out of two maximum.**

The approved FY2015/16 operating budget includes \$217,000 for this software and other related support services.

ALTERNATIVES:

1. Approve the contract renewal with MCG Energy Solutions, LLC., Minneapolis, MN, for the MISO Market Participant Services for the one-year period from July 1, 2015, through June 30, 2016 in an amount of \$119,988 plus applicable sales taxes to be paid directly by the City to the State of Iowa.
2. Do not renew the agreement and instruct staff to seek new competitive proposals.

MANAGER'S RECOMMENDED ACTION:

This contract provides vital MISO Energy Market software service for Electric Services. The renewal of this contract will continue to provide Ames with the benefit of fixed pricing, continuity of integration and service, and reduced administrative burden.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.