

COUNCIL ACTION FORM

SUBJECT: ELECTRIC MARKET PARTICIPANT SERVICES SOFTWARE

BACKGROUND:

This action involves 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 will assist 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 customer’s electrical consumption. The use of this software will allow staff to make informed decisions on how to engage in the MISO market, and will enable staff to check the accuracy of MISO’s very complex billing system. Rather than purchasing the software, the City will lease the product.

This contract is to provide MISO Energy Market software service for the period from July 1, 2017 through June 30, 2018. The contract includes a provision that would allow the City to renew the contract for up to two additional one-year terms.

On February 24, 2017, a Request for Proposal (RFP) document was issued to four firms for proposals. The RFP was advertised on the Current Bid Opportunities section of the Purchasing webpage and was sent to two plan room.

On March 24, 2017, staff received proposals from three firms, which were then sent to a staff committee for evaluation. The committee members independently evaluated and scored the proposals based on price, software design, software support, and software training. After their review of the proposals they independently scored the proposals in a matrix formula using the criteria stated previously.

Based on the matrix, the average scores were as follows:

Offerors	Average Score	Amount	Price Escalator for Renewal Terms
MCG Energy Solutions, LLC Minneapolis, MN	821	\$123,600	2.5%
Power Costs, Inc. Norman, OK	791	\$113,750	0%**
Power Settlements Consulting and Software, LLC. Glendora, CA	760	\$65,000*	0%

*Prorated amount. Future 12 months contract periods will be \$97,500.
 **0% based on awarding three year contract

Each score was based on a scale of 1 to 10, with the highest scored response for each criterion receiving the highest score. Overall, 1,000 possible points were available cumulatively for each company.

Based on the average scores and a unanimous decision by the evaluation committee, staff is recommending that a contract be awarded to MCG Energy Solutions, LLC, Minneapolis, MN, in the amount of \$123,600. **The decision to recommend the firm that was more expensive than the other two bidders was based on the following additional considerations:**

- The apparent low bidder does not have a strong presence in the MISO environment; having acquired their first customer only recently.
- MCG Energy Solutions, LLC is the current provider of service and the staff has been very satisfied with the performance of their software.
- To move to another vendor will take considerable training time for City staff involved in the day-to-day use and configuration of the software.
 - Considerable staff time, both at Electric and in the IT group would be needed to reconfigure communication.
- MCG Energy Solutions has provided no-cost customization of its software reports specific to the City's needed.

The approved FY2017/18 operating budget includes \$150,000 for this software and related support services. For the current year, the City contracts with MCG Solutions, LLC for this service at a cost of \$121,187.88.

ALTERNATIVES:

1. Award the contract to MCG Energy Solutions, LLC, Minneapolis, MN, for MISO Market Participant Services in the amount of \$123,600. The contract includes a provision that would allow the City, at its option, to renew the contract for up to two additional one-year terms with a required 2.5% per year.
2. Award the contract to one of the other two companies that submitted bids.
3. Reject all proposals and purchase and use the existing software on an annual basis.

MANAGER'S RECOMMENDED ACTION:

This contract will provide MISO Energy Market software service for Electric Services that assures fixed pricing, continuity of integration and service, and reduced administrative burden.

This software in particular, aids the City in determining energy bidding, wind utilization, and power plant operations. Price is one consideration point in deciding which vendor to select. Based on the other considerations listed above, the Electric Services staff is recommending that we continue with the current vendor.

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