

COUNCIL ACTION FORM

SUBJECT: PRIME TIME POWER DIGITAL CONTROL UNIT SWITCHES

BACKGROUND:

Electric Services needs to purchase 2,000 digital control unit (DCU) switches for the City's Prime Time Power load management program. This program consists generally of a personal computer based Master Control Station and load control software capable of controlling all remote load switches located next to residential and small business central air conditioners. This program is used to reduce peak electric demand during the hottest of days.

The City's load management system has been in place since 1992. Since then, about 11,000 switches have been installed, giving the utility the ability to reduce load by an estimated 3 MW. On average Electric Services installs around 500 new switches per year. It is important to note that this air conditioner load management, better known as Prime Time Power, is a voluntary program.

On June 30, 2017, the Request for Proposal (RFP) document was issued to sixteen companies for proposals. It was also sent to three plan rooms. Despite staff's best efforts, staff received a proposal from only this one company on July 25, 2017:

Entek Systems, Inc., Sautee, GA \$137,680

Electric Services staff reviewed the proposal and concluded that it was acceptable. Since Entek Systems, Inc. is not licensed to collect sales taxes for the State of Iowa, the City would pay applicable Iowa sales taxes directly to the State of Iowa.

Staff believes that the reason only one proposal was received was due to the fact that most companies are moving beyond old, first generation technology which is what the City continues to require. Many companies are moving to digital and wireless technologies to piggyback onto automated meter infrastructures. An additional reason could be that the City is asking for a specific frequency of radio transmission signal to be used. The FCC is changing rules on bandwidth and frequency use in the near future, and it may be that companies are hesitant to bid due to the new rules.

Staff also feels that if the City did not require new switches to be compatible with the City's existing transmission frequency then we may have received more responses. However this would create a dilemma, since the City would need to not only buy the most technologically advanced switches, but to also purchase the equipment to control them. Additionally, if the new technology was purchased, the City would need to either

change out every old switch for a new one, or would need to keep two systems running side-by-side. That would take up space and complicate the City's load management program.

In light of this dilemma, it seems appropriate for the City to purchase these switches now, which will replenish our inventory and meet our needs for the next 3-4 years. This will allow staff enough time to evaluate the options available to determine the future direction of equipment used for the Prime Time Power program.

Funding is available from the FY 2017/18 Smart Energy operating budget which contains \$1,200,000. A portion of that funding can be used for this purchase.

ALTERNATIVES:

1. Award a contract to Entek Systems, Inc., Sautee, GA, for the purchase of 2,000 DCU switches in the amount of \$137,680, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.
2. Reject the single proposal received and direct staff to delay purchase of these switches.

CITY MANAGER'S RECOMMENDED ACTION:

Purchase of these DCU switches will ensure continued efficient operation of the City's Prime Time Power program. By purchasing the switches from this manufacturer, it will be possible to maintain uniformity throughout the program which could result in lower costs and greater service efficiencies. Additionally, the purchase of these switches will buy the City a few years to perform due diligence in evaluating which technology to go with going forward.

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