

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR MISO MARKET PARTICIPANT SERVICES

BACKGROUND:

This contract is for a subscription to Midwest Independent Transmission System Operator (MISO) market specific software that can assist the City in managing its resources in and adjacent to the MISO Energy Market. MISO is an agency in the upper midwest United States that manages and markets power across an interconnected transmission grid to enhance system reliability and to apportion costs fairly for its members. This software assists Electric Services in managing the load (the electrical demand of our customers) and the generation from Electric Services Power Plant plus the imported power from the MISO market to satisfy that demand. The use of the software will allow staff to make informed decisions on how to engage in the MISO market, and will allow staff to check the accuracy of MISO's very complex billing system. Electric Services is currently using this software on a month-to-month trial basis. The proposed contract will be for a one year period from March 1, 2010 to February 28, 2011. It should be noted that this is the purchase of a service rather than a stand-alone software product.

On January 8, 2010, staff received competitive sealed proposals for MISO software from two firms. The proposals were evaluated on multiple criteria. The evaluations were based on price, software support, software training, software design, and references. In addition, responders were given the option submit their product pricing according to their licensing structure. As demonstrated on the attached report, each proposal was evaluated based on a contract length of three years. Ventryx offered a minimum three year agreement with a one time implementation fee. MCG Energy Solutions, LLC, offered a one year agreement with an option to renew and no implementation fee. Neither of the proposals' pricing structures is fixed beyond the initial one year period. Renewal components of each of the proposals would be adjusted based on the Consumer Price index (CPI) for the second and third years of the agreements.

Each proposal was evaluated by a committee consisting of the Electric Services Director, Assistant Director, Energy Procurement Coordinator, Power Plant Operations Superintendent and Principal Clerk. 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 averaged scores are:

BIDDERS	AVERAGED SCORE
MCG ENERGY SOLUTIONS, LLC	750
VENTRYX	729.66

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 that responded.

Based on the averaged scores and a unanimous decision by the evaluation committee, Electric Services staff recommends that a contract be awarded to MCG Energy Solutions, Minneapolis, MN, for a period of one year in an amount not to exceed \$82,800.00, with an option to renew up to two additional years. **It should be noted that the City reserves the right to renew or not renew for a second year based on pricing, market conditions and renewal terms presented to it at that time.**

The approved FY2009/10 operating budget includes \$100,000 for this software. Thus far \$12,000 from that amount has been expended, leaving \$88,000 remaining. The approved FY2010/11 operating budget includes \$90,000 for this software and related support services.


ALTERNATIVES:

1. Award a one year contract for MISO Market Participant Services to MCG Energy Solutions, LLC, Minneapolis, MN, in an amount not to exceed \$82,800.00, with an option to renew up to two additional years at the City's discretion.
2. Reject all proposals and continue purchasing and using this software on a month-to-month trial basis.

MANAGER'S RECOMMENDED ACTION:

This contract will provide MISO Market Participant Services for Electric Services at the lowest possible cost. Electric Services will save an annualized amount of \$6,000 utilizing the recommended one year contract compared to the month-to-month trial the Utility is currently utilizing.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 awarding a one year contract for MISO Market Participant Services to MCG Energy Solutions, LLC, Minneapolis, MN, in an amount not to exceed \$82,800.00, with an option to renew up to two additional years at the City's discretion.

	REQUEST FOR PROPOSAL NO. 2010-133 MISO MARKET PARTICIPANT SERVICES				
MCG	Price			Notes	
	Year 1	Year 2	Year 3		
IAM Core Functions	\$3,000.00	\$3,000.00	\$3,000.00	Fixed	
Market Integration	\$1,000.00	\$1,000.00	\$1,000.00	Fixed	
Market Specific Functions	\$1,000.00	\$1,000.00	\$1,000.00	Fixed	
Management Services	\$1,900.00	\$1,976.00	\$2,055.04	4% adder per year	
Total (monthly)	\$6,900.00	\$6,976.00	\$7,055.04		
Total (yearly)	\$82,800.00	\$83,712.00	\$84,660.48		
OVERALL (3 YEARS)	\$251,172.48				
VENTYX	Price			Notes	
	Year 1	Year 2	Year 3		
Implementation	\$67,400.00	\$0.00	\$0.00	One time implementation fee	
Annual License	\$78,250.00	\$80,597.50	\$83,015.43	Years 2 and 3 increase by CPI (based year 2 and 3 pricing of 3%)	
Total (yearly)	\$145,650.00	\$80,597.50	\$83,015.43		
OVERALL (3 YEARS)	\$309,262.93				

GRAND TOTAL EVALUATION MATRIX FORM

Request for Proposal

Title: 2010-133 MISO MARKET PARTICIPANT SERVICES

Overall Vendor Scores

Vendors	Scorer					Average Points	Total Points	Rank
	1	2	3	4	5			
MCG ENERGY SOLUTIONS, LLC	650	790	720	860	730	750	3750	1
VENTYX	683.66	673.66	813.66	823.66	653.66	729.66	3648.30	2