

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 owning the software, the City will basically lease it and contract for the support services that go along with it.

This contract is to provide MISO Energy Market software service for the period from July 1, 2014 through June 30, 2015. The contract includes a provision that would allow the City to renew the contract for up to two additional one-year terms.

On March 17, 2014, a Request for Proposals (RFP) document was issued to three firms. It was also advertised on the Current Bid Opportunities section of the Purchasing webpage and was sent to one plan room.

On April 4, 2014, staff received competitive proposals from two firms, which were then sent to a staff committee for evaluation. The committee members independently evaluated and scored both 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 averaged scores were as follows:

Offerors	Average Score	Amount	Price Escalator for Renewal Terms
MCG Energy Solutions, LLC Minneapolis, MN	887	\$118,800	1%
Power Costs, Inc. Norman, OK	740	\$153,000	0%*

*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 averaged scores and a unanimous decision by the evaluation committee, staff recommends that a contract be awarded to MCG Energy Solutions, LLC., Minneapolis, MN, in the amount of \$118,800. Since MCG Energy Solutions is not licensed to collect sales taxes for the State of Iowa, the City would pay applicable Iowa sales taxes directly to the State.

The approved FY2014/15 operating budget includes \$200,000 for this software and related support services. For the current year, the City contracts with Power Cost, Inc. for this service at a cost of \$141,600.

ALTERNATIVES:

1. Award the contract to MCG Energy Solutions, LLC., Minneapolis, MN, for MISO Market Participant Services in the amount of \$118,800 plus applicable sales taxes to be paid directly by the City to the State of Iowa. 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 1% per year.
2. 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. The award of this contract provides Ames with the benefit of fixed pricing, continuity of integration and service, and reduced administrative burden. Staff believes that the reason only two proposals were received was due to the fact that the two responding vendors are uniquely well qualified to compete in the smaller electric utility market.

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