

COUNCIL ACTION FORM

SUBJECT: **MEMBERSHIP IN IOWA PUBLIC POWER AGENCY**

BACKGROUND:

Ames Electric Services is a member of the Midcontinent Independent System Operator (MISO). MISO is one of several Independent System Operators that are organized under federal law to regulate the electric transmission system in regions across the country and ensure reliable electric generation and transmission.

In 2025, MISO approved proceeding with nearly \$22 billion in new transmission projects to be built within its territory in the next several years, with over \$2.5 billion of those projects being in Iowa. While these projects are critical to ensure access to energy produced across the region, utilities purchasing the energy will experience increased costs associated with transmission in order to pay for the costs to build and operate the transmission infrastructure. Ames Electric Services has been able to offset rising costs of transmission up to this point by sharing its existing transmission with other utilities and being compensated for use of Ames' transmission assets.

Moving forward, Ames Electric Services will not need to construct a substantial amount of new transmission for its direct benefit. This limits the opportunities for Ames to receive payments from other utilities to offset Ames' anticipated rising transmission expenses. However, there are opportunities to support regional and statewide projects that could provide benefits to Ames' customers. To support these projects, it is better for Ames to do this as part of a group.

The Iowa Public Power Agency (IPPA) is an Iowa 28E entity that was organized in 2002. IPPA was established to facilitate Iowa municipal utilities' investments in electric-related projects, such as transmission and generation. Through IPPA, 15 municipal utilities have previously invested in two jointly owned transmission projects with MidAmerican Energy.

Staff believes that becoming a member of IPPA is in the best interest for Ames electric customers. There is no cost to join, and no dues requirement at this time. As potential transmission and generation projects are brought to the IPPA membership, only those members opting into the project are responsible for project costs. Membership in IPPA offers the opportunity to leverage municipal financing mechanisms in a manner that does not obligate Ames' individual bonding capacity. Working with other electric municipals in the state is a diversified, low-cost method to stay up on market changes and provide the opportunity to participate in projects with little to no downside risk to Ames customers.

ALTERNATIVES:

1. Approve Ames Municipal Electric Services application and agreement for membership in the Iowa Public Power Agency.
2. Do not join Iowa Public Power Agency at this time.

CITY MANAGER'S RECOMMENDED ACTION:

The Iowa Public Power Agency is a non-profit, municipal-centric organization, focused on large electric projects. IPPA was established to facilitate Iowa municipal utilities' investments in electric-related projects, such as transmission and generation. As new high voltage projects are considered for development, Ames must consider partnerships with likeminded municipal electric utilities. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.

ATTACHMENT(S):

[IPPA Application and Agreement for Membership Ames.docx](#)

[Resolution Approving Membership in IPPA.docx](#)

[Memo on NDA.docx](#)

[Confidentiality Agreement.pdf](#)