

ITEM #:	<u>23</u>
DATE:	<u>04-23-24</u>
DEPT:	<u>ELEC</u>

### **COUNCIL ACTION FORM**

**SUBJECT:**      **ELECTRIC MARKET PARTICIPANT SERVICES CONTRACT RENEWAL**

**BACKGROUND:**

Electric Services provides electricity to most of the residents in Ames. Energy that is not produced by the City's local electric generation or received from the long-term wind contract is purchased through a regional organization called the Midcontinent Independent System Operator (MISO). Energy is purchased on a day-ahead and real-time basis, to match the utility's electric requirements with energy production. To accomplish this, sophisticated software is needed to balance electric load forecasting information, wind production forecasts, and generation pricing to create the right balance of local generation and market purchases.

**This action involves a subscription for market-specific software that provides the necessary platform, tools, and functionality to enable staff at Electric Services to transact and communicate with the MISO Energy Market. This software enables Electric Services to market, schedule, and manage the City's load (the electrical demand needed by its customers) and its wind generation in MISO. The use of this software enables staff to make strategic decisions to optimize the utility's portfolio in the MISO market and provides the critical tools needed by staff to check the accuracy of MISO's complex billing system. Rather than purchasing the software, the City leases the software.**

On May 26, 2020, City Council awarded a three-year contract to MCG Energy Solutions, LLC, Minneapolis, MN, for MISO Energy Market software service. The contract includes a provision that would allow the City to renew the contract for up to two additional one-year terms. This is the second of two optional renewal periods. As stated in the contract, there is a 2.5% cost increase each year.

Staff recommends that these services continue to be utilized on an annual renewable contract basis. The benefits of having a contract for these services in place include the following:

1. Consistency of work and quality from a single vendor. MCG Energy Solutions provides Electric staff with several highly specialized and custom reports and a critically needed custom dashboard display module designed specifically for Ames' generation and load within its software application at no cost. MCG customized its software for Ames' specific needs and requirements for scheduling the City's wind farm in the MISO market. These custom features utilized by City staff would be lost by switching vendors.
2. Saved City staff time obtaining quotes, evaluating bids and preparing specifications and other procurement documentation.
3. Less downtime in the day-to-day use and operation of software. Configuring new complex communication systems used to share critical operational data would also impact Ames' other vendors whose critical services are needed. Switching providers would require extensive training for several staff with an estimated 150 hours of labor to manage the conversion.

The approved FY 2024/25 operating budget includes \$150,000 for this software and related support services.

**ALTERNATIVES:**

1. Approve the contract renewal with MCG Energy Solutions, LLC, Minneapolis, MN, for MISO Market Participant Services for the period of July 1, 2024 through June 30, 2025 in the amount of \$117,887.16.
2. Reject the renewal option and instruct staff to seek new competitive bids.

**CITY 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. Based on an evaluation of the value provided during the past three plus years, staff is recommending continuing with the current provider. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.