



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Dave Schelkoph
Meeting Date:	Tuesday, April 25, 2023
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Missouri River Energy Services & MMU Reserve Capacity Agreement
Background Information:	<p>On April 18th, 2023, the Marshall Utility Commission passed a motion that recommends the Marshall City Council approve and sign the new Reserve Capacity Agreement from MRES.</p> <p>Missouri River Energy Services (MRES) provides approximately 75% of the electricity for the city of Marshall. During the 2023 budget process at MRES, it was proposed and adopted to change the Reserve Capacity Agreement (RCA) between MRES and it's members. The philosophy behind the changes was to promote membership development of distributive generation with cash incentives and larger monthly payments that would increase the power capacity of MRES to better serve their membership. Under the new agreement monthly payments to MMU will increase from \$2.00/KW/Month to \$5.00/KW/Month. In addition to this increase, an additional \$2.00/KW/Month for ten years will be given to MMU as up-front payment for all new generation installed and in service. A copy of the agreement is attached to this report. MMU needs to replace our 54-year-old generator. We have not gone forward with a replacement plan to date because to do so, MMU would have to increase electrical rates to pay for a new generation project. Circumstances have changed. MRES and the new RCA will significantly increase payments to the membership for distribution generators. This increase in compensation is significant enough so that MMU can replace/add to our generator capacity resulting in little to no inflationary pressure on our rates.</p> <p>As in the old RCA, there is no cost to unilaterally leave the agreement should a member choose to do so.</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Approve the new reserve capacity agreement from MRES.