Briefing Paper
PECI Contract Extension

September 3, 2008

Summary

Portland Energy Conservation, Inc. (PECI) has met the criteria established by the board for renewal of the Home Energy Solutions-New Homes and Products program management contract for an additional year. Accordingly, staff recommends that the contract be extended through 2009.

Background

- The New Homes and Products program provides technical assistance and financial incentives for high-efficiency design and equipment in single family and multi family new construction, major renovation projects, and the promotion of energy efficient home products.
- In 2004, PECI was approved as the first program management contractor (PMC) for the program. In October 2006, at the board's direction, staff conducted a process to re-compete for the selection of a program management contract before entering into the current contract, which expires in December 2008.
- The October 2006, board resolution authorized a first-year budget of $3,836,347 ($2,745,670 for electric and $1,090,677 for natural gas), with annual contract budget amounts, savings goals and incentives to be renegotiated following board approval of the corresponding two-year action plans and annual budgets.
- The October 2006, resolution also directed staff to report to the board on PECI's progress toward achieving certain renewal criteria and recommend whether to extend the contract for another year. The renewal criteria are:
    1. Cross program referrals
    2. Project pipeline
    3. Innovation
    4. Teamwork
    5. Satisfactory execution of SOW deliverables
- The 2006 resolution provided that absent board objection to the contract's extension, the executive director could sign the contract extension after appropriate notice to the Oregon Public Utility Commission.

Discussion

- Staff recommends that the contract with PECI for implementation of the New Homes and Products Program be extended to the end of December 2009.
- PECI has met or exceeded all elements of the renewal criteria listed above by:
    1. Referring builders and developers interested in solar energy to the solar program;
    2. Building a pipeline of new construction developments for 2009 while balancing budget and savings targets;

3. Introducing and developing the Energy Performance Score – a tool to communicate a home's energy use to consumers;
4. Responding to requests for invoices, monthly reports, forecasting, etc. early or on time; and
5. Tracking progress toward meeting program savings and levelized cost goals.

- PECI's 2008 contract had a best case market share goal of 8% ENERGY STAR single family homes market penetration based on Oregon housing permit data. Currently program has achieved 8% penetration based on single family building permits and 10.5% penetration based on single family completions within Energy Trust of Oregon's service territory. 2009 contract with PECI will include continued market penetration goals based on total homes participating in the program.
- Contract terms for the extension period would remain as approved initially, with a modified schedule, savings targets and compensation to reflect the 2009-10 action plan and 2009 budget.

Next Steps

If the board does not object to the one-year extension:

- Energy Trust will give appropriate notice to the Oregon Public Utility Commission.
- The executive director will sign the contract extension with PECI.