Briefing Paper
CSG Contract Extension

May 5, 2010

Summary

Extend the Home Energy Solutions contract with Conservation Services Group (CSG) for one year, through December 2011. The extension would not apply to the multi-family element of the contract which, under the organization redesign implementation, has moved to the Business Group. executive director may extend the contract for one year if extension criteria are met and the board does not object.

Background

- The Existing Homes program provides technical assistance and financial incentives for single-family homes, 2-4 unit multiplex buildings and mobile homes and includes home energy reviews, development of a skilled trade ally contractor network and leveraging Home Performance with Energy Star.
- In October 2007, the board authorized a contract for program management and delivery services through Conservation Services Groups (CSG) with a first-year budget of $4.7 million. Subsequent budget amendments were approved by the board in 2008 and 2009 as part of the annual budget process. The 2010 budget for the program management and delivery services with CSG for single-family activities listed above is $6.6 million.
- The October 2007 board resolution also directed staff to report to the board on CSG's progress toward meeting contract extension criteria prior to recommending whether to extend the contract for up to two years. The contract extension criteria include:
    1. Cross-program referrals
    2. Project pipeline
    3. Innovation
    4. Teamwork
    5. Satisfactory execution of statement of work deliverables
- Under the 2007 resolution, unless the board objects, the executive director may sign a contract extension.
- As part of Energy Trust's organizational redesign, the existing multi-family initiative was moved from the homes group to the business group where it is better aligned with decision-making associated with multifamily commercial property owners, property managers and property investors.
- The multi-family initiative is included in CSG's 2010 contract, but is not included in this contract extension request. The business group will issue an RFP for multi-family program management contractor services in the summer of 2010 to secure a new contract for 2011.
- The 2011 Home Energy Solutions program budget will be known when the board adopts a 2011 budget in December of this year. (Note: Second bullet, above, provides information on prior and current budgets.)

Discussion

- Staff recommends that the contract with CSG for delivery of the Home Energy Solutions program be extended one year to the end of December 2011.

- Staff has assessed CSG's performance in relation to the extension criteria and determined that CSG has satisfactorily performed in all categories through:

    1. **Cross-program referrals**: CSG has done a good job referring homes for Energy Trust solar energy reviews, and encouraged cross-program participation through marketing collateral and call center efforts.

    2. **Project pipeline**: CSG has built a robust pipeline for the program, increasing program participation in cash incentive offerings by 75% from 2007 to 2009. CSG has also established and maintained a growing network of over 550 qualified trade allies who originate projects. Home Energy Reviews have increased by 68% from 2007 to 2009 for a total of 9,111 reviews completed in 2009.

    3. **Innovation**: CSG has introduced new technologies and methodologies that support whole house energy use analysis, proposed multiple-measure incentives to increase market penetration, and supported on-bill financing of efficiency improvements. In addition, the expertise of CSG has been evident in shaping the Clean Energy Works Portland pilot project.

    4. **Teamwork**: CSG has been flexible in meeting Energy Trust's priorities to provide new initiatives, incorporate planning and evaluation results, submit invoices on time, provide monthly reports and improve the accuracy of , forecasting.

    5. **Deliverables:** CSG has consistently met high-confidence contract savings goals and often exceeded best-case savings goals. In both 2008 and 2009, CSG exceeded the stretch contract electric and gas savings goals. CSG achieved 119% of both the best-case goals for electric and gas savings in 2009, while paying attention to levelized cost of delivery and meeting market-development targets. CSG contributed to 7.4 aMW and 2.9 million therms from 2007 to 2009, achieving 7% of Energy Trust total electric savings and 37% of gas savings across all programs for this time period. In 2009, CSG provided essential support for the Clean Energy Works Portland pilot, and did an excellent job of understanding and adapting to project stakeholders needs.

- While the 2007 board resolution allows for a two-year extension, staff recommends a one-year extension, to the end of December 2010. The one-year extension allows Energy Trust to monitor CSG's success in supporting the Clean Energy Works Portland pilot, and its ability to address other market influences during the next year. Staff will report to the board in May 2011 with a recommendation whether to extend for a second year.

Next Steps

Staff recommends that the contract with Conservation Services Group for delivery of the Home Energy Solutions program be extended to the end of December 2011. If the board does not object, the executive director is authorized to sign a one-year contract extension Staff will report to the board in May 2011 on CSG's progress toward existing extension criteria and to provide a recommendation whether to extend the contract for another year.