Briefing Paper
Cascade Energy Engineering Contract Extension for Production Efficiency Small Industrial Initiative

May 5, 2010

Summary

Extend the program delivery contract with Cascade Energy Engineering (Cascade) for the Production Efficiency Program's Small Industrial Initiative. Under the board resolution approving the three-year contract which expires at the end of 2010, the executive director may extend the contract for one year if extension criteria are met and the board does not object.

Background

- The Small Industrial Initiative (SII) targets historically underserved small industrial and agricultural participants through a variety of vendor-delivered prescriptive and simple calculation-based efficiency measures. These participants have previously been difficult to reach through the existing high-touch model used to serve medium to large industrial facilities. The SII represents 7% of electric savings achieved by the Production Efficiency Program in 2009.
- In an open, competitive process, Energy Trust issued a "Request for Proposals for a Small Industrial Initiative Program Delivery Contractor for the Business Energy Solutions – Production Efficiency Program" on August 31, 2007. Out of 4 respondents to the solicitation, Cascade was selected to be the program delivery contractor for the Small Industrial Initiative. The contract was given an initial three-year term with an option for a one-year extension. The 2010 contract amount for Cascade's delivery of the Small Industrial Initiative is $626,051. The current projected contract amount for 2011 is estimated to be $690,000.

Comment [s1]: hould we put in a line that says: the current projected contract amount for 2011 is estimated to be $690,000?

- The board resolution authorizing the current SII contract required that staff first report to the board on Cascade's progress and performance before extending the contract. The contract extension metrics are:
    1. Cross program referrals
    2. Project pipeline
    3. Innovation
    4. Teamwork
    5. Satisfactory execution of statement of work deliverables
- The board resolution provided that, absent board objection to the contract's extension, the executive director could sign the contract extension.

Discussion

- Staff recommends that the contract with Cascade for delivery of the Small Industrial Initiative be extended to the end of December 2011.

- Cascade has satisfactorily performed in all of the contract extension criteria defined above.
    1. Cross-program and territory referrals: Cascade has worked cooperatively with both Program Management Contractors and Program Delivery Contractors (PDCs) on cross-program and territory referrals. Cascade staff has worked closely with Lockheed Martin staff to help process some of the compressed air measures that arise in some commercial sectors. Leads are also frequently exchanged with the PDCs serving medium and large industrial facilities.

    2. Project pipeline: Cascade has balanced building a pipeline for current and future projects with development efforts to meet future growth in savings goals. On April 20, 2010 there were 64 projects in the SII pipeline, totaling more than 0.33 aMW and 28,000 therms. As these projects are smaller, shorter-cycle projects, the great majority of these were expected to complete in the next 4 months with additional projects expected to develop throughout the year.

    3. Innovation: Cascade has developed and refined tools for compressed air, irrigation, dairy vacuum pumps, greenhouses, and batch processes controls. Other tools for welders and hydraulics are currently in development. Prescriptive measures have been implemented for irrigation sprinklers and nozzles and also compressed air system components. Cascade has also greatly improved program forms and processes, simplifying a four-page prescriptive motor application to one page front and back. The forms and tools used in the calculation-based measures have also been streamlined and integrated into an efficient process to minimize administrative time.

    4. Teamwork: Cascade is responsive to requests for information from Energy Trust and materials such as invoices and monthly reports are submitted on time. Project data and forms are managed very well and no customer service issues have arisen. Cascade has also worked actively to build compressed air and irrigation vendor networks to reach participants and has adapted their current marketing strategy based upon results and lessons learned from past efforts.

    5. Satisfactory execution of contract statement of work deliverables: The Small Industrial Initiative has grown from an incidental part of the Production Efficiency Program. In 2008, the first year of the contract , Cascade launched what has become a popular and successful collection of measures, built the vendor network to support them, and put in place efficient administrative processes for handling a higher volume of smaller projects. While this development work continues, Cascade has achieved savings while staying within incentive and delivery budgets.

       In 2009, Cascade exceeded their conservative electric savings goal, achieving 0.67 aMW of savings, and also exceeded their gas savings stretch goal, achieving 173,000 therms of savings. Additionally, the number of small vendor-driven and prescriptive projects has increased

dramatically from 57 completed in 2007 to 156 in 2008 and 306 in 2009, extending the Program's services to previously underserved sectors and regions. Excellent quality control processes are in place, as evidenced by an independent quality assurance audit conducted at the end of 2008 which uncovered no issues.

Next Steps

Staff recommends that the contract with Cascade for delivery of the Small Industrial Initiative 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 with Cascade Energy Engineering to continue delivery of the Small Industrial Initiative.