Briefing Paper
PECI New Buildings Contract Extension

May 4, 2011

Summary

Absent board objection, the executive director can extend the New Buildings program management contract with Portland Energy Conservation Inc. (PECI) for up to two years, through December 2013, as previously authorized by the board. Staff proposes a two-year extension.

Background

- The New Buildings program provides technical assistance and financial incentives for new buildings, major renovations, new multifamily buildings, development of skilled program ally and trade ally contractor networks, the Path to Net Zero Pilot, and the Small Commercial Efficiency Pilot.
- In September 2008 (resolution 486), the board authorized a contract with PECI for program management and delivery services with a first-year budget of $9,575,000 million. Subsequent budget amendments were approved by the board in 2010 and 2011.
- The September 2008 board resolution also directed staff to report to the board on PECI's progress toward meeting contract extension criteria, and recommend 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 2008 resolution, unless the board objects, the executive director may sign a contract extension for up to two years.
- The board adopted a program budget for 2012, which would support a contract of $4,967,852 for PECI for that year. The final 2012 New Buildings program budget will be known when the board adopts a revised budget in December of this year.

Discussion

- PECI has met or exceeded expectations on all of the contract extension criteria:
    1. <u>Cross-program and territory referrals</u>:
        - worked cooperatively with other programs on cross-program and territory referrals
        - worked closely with Program Delivery Contractor (PDC) staff to help process industrial projects that arise when industrial sites build new buildings.
        - worked to drive leads to the solar program that supports solar thermal and solar PV.

2. Project pipeline:
   - At the close of 2010 there were 236 projects complete, and a future pipeline totaling over 40 million kWh and 1 million therms had been built for 2011 and beyond. The program continues building healthy pipelines for 2011 and 2012 and enrolls new projects at a steady pace.
   - A great majority of projects and savings expected to close in 2011 are from buildings <70,000 square feet. 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.

Comment [JR1]: At the close of 2010 we had a 2-year pipeline that brought therms up to 1 mill.

3. Innovation:
   - developed and is in the process of implementing two pilots, Path to Net Zero and Small Commercial Efficiency.
   - redesigned the program offerings and developed new measures response to a shift in market needs, the economy and the new Oregon Energy Code.
   - revised technical guidelines and modeling protocols templates and tools used in calculation-based measures.
   - streamlined the program to focus on the customer and reduce confusion on which incentives apply to specific projects.

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4. Teamwork:
   - responsive to requests for information.
   - materials such as invoices and monthly reports are submitted on time.
   - project data and forms are managed well and no customer service issues have arisen.
   - worked actively to expand the Trade Ally network focusing on recruitment of design-build contractors to access the small- and medium-sized building market.
   - launched the first Program Ally network focusing on recruitment of architects, engineers and design consultants to make energy efficiency and sustainable building practices business-as-usual among building owners.
   - promptly addressed concerns that PECI might review or approve measures that had been developed by PECI for customers under separate contracts.

5. Satisfactory execution of contract statement of work deliverables:
   - Since 2009, the first year of the contract, PECI has leveraged existing market infrastructure, U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED), New Buildings Institute's Core Performance, and built networks and market expertise to support these initiatives.
   - PECI has achieved savings while staying within delivery budgets. In 2010 PECI exceeded stretch goals for electricity savings and exceeded gas goals by 54%. Actual amounts in the extended contract will be consistent with the 2012-2013 board-approved budget. In 2010, PECI exceeded the stretch goal for PGE, Pacific

Power and Cascade Natural Gas, and was 97% of stretch goal for NW Natural.

- In 2009, PECI exceeded the conservative goal for electric and stretch goal for gas.

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Comment [JR2]: Peter, I moved this up from the bullet below because we're talking about 2010, then skipped to 2009 and back to 2010. All of 2010 is now grouped.

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Realized savings	2009	2010
Electric (kWh) Achieved	23,946,104	19,846,312
Electric (kWh) Goal	28,000,000	18,544,542
Gas (therms) Achieved	538,308	794,416
Gas (therms) Goal	420,000	753,188

Estimated savings	2011	2012
Electric (kWh) Goal	22,819,415	10,863,467
Gas (therms) Goal	650,552	362,152

- PECI has excellent processes in place, as evidenced by the 2009-2010 Process Evaluation, which said "Overall participant satisfaction with the program was 4.4 on a 5 point scale".

Next Steps

Based on performance over the last two years, staff proposes to extend the contract for the allowable two years. A second year would be contingent on meeting goals and performance criteria and at Energy Trust's discretion.

If the board does not object, the executive director will extend the New Buildings program management contract with PECI through December 2013.