Authorizing a Program Delivery Contractor for Small Industrial Initiative

October 5, 2011

Summary

Approve the basic terms of a three-year contract for Small Industrial Initiative delivery services for Energy Trust's Production Efficiency program, with potential for up to two one-year extensions.

Background

- Energy Trust's Production Efficiency program is designed and managed in-house. Staff utilize multiple program delivery contractors to perform outreach and delivery functions on behalf of the program.
- The Small Industrial Initiative program delivery contractor develops and trains Energy Trust's small industrial and agricultural trade ally network, acts as a technical resource, helps develop useful calculator tools, coordinates with other program contractors as-needed, and facilitates the trade allies' submitted small industrial and agricultural energy efficiency projects through the program to deliver energy savings.
- The current Small Industrial Initiative program delivery contract will expire December 31, 2011.
- In July 2011, Energy Trust staff issued a request for qualifications for a Program Delivery Contractor (PDC) for the Small Industrial Initiative.
- Energy Trust received five notices of intent to respond, of which four actual responses were submitted.
- A review team comprised of Energy Trust staff and an external reviewer from Northwest Energy Efficiency Alliance reviewed the four submissions.
- The review team selected Cascade Energy, Inc. on the strength of its qualifications. The selection process is further explained in Appendix 1.

Discussion

- Staff proposes a PDC contract spanning three years, starting January 1, 2012, through December 31, 2014, with an option to renew for two one-year time periods.
- Staff has assumed a first year budget of $3.25 million in connection with these services. This includes a first year PDC contract cost of $1.1 million, with an allowance for performance compensation, and incentives of $2.1 million ($1.65 million electric, $450,000 gas).
- Energy Trust expects that work performed under this contract could save as much as 11 million kWh and 275,000 Therms, at a cost of $2.5 million per aMW and a levelized cost of $.02 per kWh and $.24 per Therm. Actual costs and savings will be included in the Production Efficiency Program budget and, and computed after the board approves the 2012 budget.

- As with other program delivery contracts, actual contract amounts for each year will be negotiated annually, consistent with each year's board-adopted annual budget. Contracts and contract amendments conforming to these budgets would be signed without further board action.
- The contract will refer to expected program incentive costs, but does not include these costs in PDC contract payments. Incentive costs are part of the program's cost, and they are paid by Energy Trust to program participants. Program incentive amounts will also be provided and reviewed as part of the annual budgeting process and ensuing contract amendments.

Recommendation

Authorize the executive director to negotiate and sign a contract with Cascade Energy, Inc. for Small Industrial Initiative program delivery services by adopting resolution 598.

RESOLUTION 598

Authorize a Program Delivery Contractor for the Small Industrial Initiative

WHEREAS:

1. **With assistance from an outside party, staff has conducted a fair and open procurement process to select a contractor to deliver the Small Industrial Initiative for the next 3-5 years.**
2. **Cascade Energy, Inc. was selected and contract terms are being negotiated.**
3. **Staff has assumed a total first-year program delivery contractor budget for 2012 of approximately $3,200,000 including a first year delivery contract cost of about $1,100,000, incentives of $2,100,000, and possible performance compensation.**
4. **Based on current assumptions, staff projects the following program savings and fully-loaded costs in 2011:**

	Electric	Gas
Savings (stretch)	11,000,000 kWh	275,000 Therms
$/Unit Savings (stretch)	$.23/kWh	$2.44/Therm
Levelized Cost (stretch)	$.024/kWh	$.24/Therm

Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process.

It is therefore RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2012 budget, the executive director is authorized to enter into a contract with Cascade Energy, Inc. to deliver the Small Industrial Initiative from January 1, 2012, through December 31, 2014.**
2. **First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2012 budget. Thereafter, the contract may be amended annually consistent with the board's annual budget decisions.**
3. **The final contract may include a provision allowing staff to offer up to two one-year extensions if the program delivery contractor meets certain established performance criteria.**
4. **Before extending this contract beyond December 31, 2014, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director is authorized to sign any such contract extensions.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]

APPENDIX I

Energy Trust of Oregon followed a comprehensive competitive Request-for-Qualifications (RFQ) process.

Five organizations submitted intent to respond forms for the program RFQ; four proposals were submitted. The process was led by an RFQ review team consisting of two Energy Trust representatives, and one member from NEEA. The review team considered, evaluated and numerically scored the submissions on ten overall factors:

1. Staff qualified, per resumes provided
2. Previous experience with proposing company/staff
3. Physical presence in Oregon
4. If not in Oregon, how well have they addressed how they will serve
5. Experience creating program calculation tools
6. Experience with program design input and assistance
7. Experience with Trade Ally outreach and training
8. Documented experience achieving energy savings
9. Experience with project processing
10. Experience with project tracking and reporting

Based on this review, the review committee unanimously selected Cascade Energy, Inc. to serve as Program Delivery Contractor for the Small Industrial Initiative in the Production Efficiency program.

Distinguishing Characteristics of Selected Respondent

- Qualified staff with deep experience in agricultural efficiency, industrial process efficiency, program administration, and Trade Ally support
- Exceeded stretch gas and conservative electric goal in 2010.
- Proposed outreach specialist position to work closely with Trade Allies and enroll new Allies in the program
- Highly collaborative and forward thinking team