Pay for Performance

Promoting project sales and deeper savings through integration of Capital measures with O&M and Behavioral Change

Conservation Advisory Council
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Pay for Performance

Existing Pay for Performance (PfP) efforts:

- All existing programs pay some or most of the total project incentives ***before*** verifying savings
- Post-installation savings measurement period is a maximum of 12 months
- NJ launched 2009 (20 projects); NH launched 2011

New Jersey Pay for Performance Program, New Hampshire Pay for Performance Program and NYSERDA Multifamily Performance Program (all administered by TRC Solutions) and the customized offerings of the California IOU's.

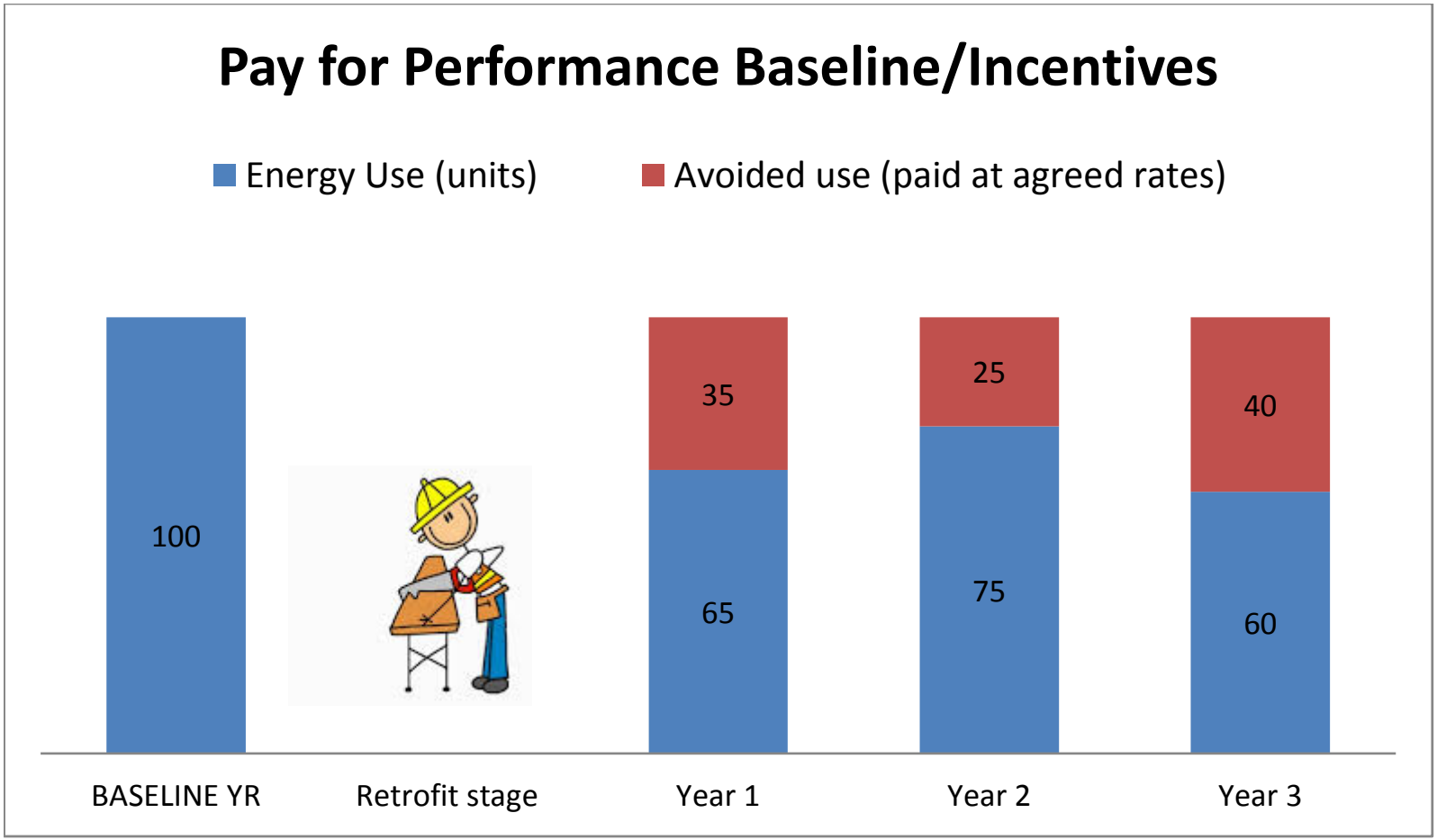
Seattle City Light

Upcoming Pay for Performance Pilot

Final RFP released Jan 2013.

- Service Providers (SP) to suggest incentive levels; capital measures can be combined with O&M or paid through existing programs
- Measuring against a fixed baseline
- Three SPs selected; contract negotiations continue

Incentive Payment calculations



Seattle City Light Pilot

Supporting rationale for PfP:

- Addresses long-time desire of contractors to capture and incent for all savings. Because incentives will be paid only for reductions below baseline, savings aren't undercounted.
- O&M – Contractors can tweak systems to capture more O&M savings through interactions between systems and equipment.

Challenges

Important issues to address for pilot and future programs:

- Agreeing (at the onset) to the $/kWh and $/therm incentive levels
- Agreeing on the “retrofit completion date” that starts the clock ticking on the energy savings calculations
- Determining a fixed payment level that will allow the pilot/program to scale

Energy Trust Pilot

Structure:

- 2-3 service providers
- Ideal customer sites: Office/government/admin; 50,000-250,000 ft^2, no onsite manufacturing; limited onsite generation. Dual commodity or electric-only.
- SP proposes project scope, expected savings and needed incentive level.
- SP will calculate baseline using protocols approved by Energy Trust.
- Energy Trust/EM&V vendor will review protocols and savings estimates.
- Pilot will combine the capital measures and O&M/behavioral savings incentives, and pay out incentives over three years based on reductions from baseline.

Timeline:

OPUC Process may influence

- Q4 2013-Q1 2014: Release RFP; Respondent proposals due
- Q1 2014-Q2 2014: Pilot Participants selected; contracts executed; retrofit work begins

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