Briefing Paper
PECI New Homes & Products Contract Extension

May 23, 2012

Summary

Extend the New Homes and Products contract with PECI for one year, through December 31, 2013. The executive director may extend the contract for one year if extension criteria are met and the board of directors does not object.

Background

- The New Homes program helps builders increase energy-efficiency levels, integrate solar and utilize performance testing in construction.

- The New Products efforts include cash incentives to purchase qualifying ENERGY STAR® clothes washers, refrigerators, freezers and lighting, and to recycle old refrigerators and freezers. The program also works with schools, community action agencies, water bureaus and other nonprofit organizations to distribute low-cost energy-saving products and information.
- In November 2009, the board authorized a contract for program management and delivery services through PECI with a first-year budget of $6.4 million. During this time the delivery budget (which pays for PECI services) has not increased significantly, while program incentives (which go to participants) have gone up 50 percent.
- We expect the 2013 budget to be $6.6 million with a stretch savings goal of 61.6 million kWh and 630,000 therms.
- The November 2009 board resolution also directed staff to report to the board on PECI'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

Discussion

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

1. **Cross-program referrals**: PECI has done a good job referring New Homes and Products participants to the Energy Trust Existing Homes program through marketing collateral, customer triage and call center efforts. In addition, PECI has recently begun supporting water heaters sold at retail through point-of-sale material and retail sales staff training. These measures benefit customers and the Existing Homes program.

2. **Project pipeline**: Since 2009 PECI has significantly increased the number of retailers participating in the program and the diversity of products selling at retail that are supported with incentives. The program transitioned from supporting general purpose CFLs to focusing on specialty lighting (reflector, globe, candelabra, and 3-way bulbs) only, and has expended retail offerings to include, showerheads and shower wands, dishwashers, and a limited selection of LEDs. PECI has also established and maintained a growing network of almost 400 qualified trade allies in the new construction industry.
3. **Innovation**: PECI has introduced new technologies and methodologies, such as a rating system for new homes (Energy Performance Score), an instant incentive pilot with Sears, an air sealing pilot aimed at improving air leakage in code-built homes, and innovative marketing campaigns to highlight the benefits of energy-efficient newly built homes and refrigerator recycling.
4. **Teamwork**: PECI 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. In addition, PECI has worked with the Northwest Energy Efficiency Alliance, Bonneville Power Administration and Fluid Market Strategies to develop regional retail programs leveraging the collective voice of the region.
5. **Deliverables**: PECI has consistently met conservative contract savings goals, has often exceeded stretch savings goals and has met deadlines identified in the Statement of Work. In 2011, PECI met 106 percent of the stretch goal for electric savings and 113 percent of the stretch goal for gas savings. At this early time of the year, the program expects to be on track to achieve stretch case savings for all utilities.

Next Steps

If the board does not object, the Executive Director will extend the contract with PECI for delivery of the New Homes and Products program to December 31, 2013. There is also an additional option to extend the contract through December 31, 2014, which can be addressed next year.