



## Consent Item 6

**TO:** East Bay Community Energy Board of Directors

**FROM:** Beckie Menten, Program Manager, Building Electrification and Energy Efficiency

**SUBJECT:** Approve Resolution Authorizing EBCE CEO to Negotiate and Execute a Second Amendment to the Agreement with Recurve Analytics to Implement a Pay-for-Performance Energy Efficiency Program for EBCE's Commercial Customers

**DATE:** October 21, 2020

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### Recommendation

Approve Resolution Authorizing EBCE CEO to Negotiate and Execute a Second Amendment to the Agreement with Recurve Analytics to Implement a Pay-for-Performance Energy Efficiency Program for EBCE's Commercial Customers, for a total amount not to exceed \$275,000 through December 31, 2021.

### Background and Discussion

In October of 2019, EBCE contracted with Recurve Analytics ("Recurve") to develop a baseline across EBCE service area, against which to evaluate the potential for time-based pay-for-performance ("P4P") demand side programs. EBCE staff hopes to discover through pay-for-performance pilots if the procurement of flexible demand side resources can offer a strategy to achieve lower cost carbon free resources during evening peak periods. The initial work product with Recurve focused around developing a baseline against which to calculate program impacts to support implementation of three P4P pilots. These pilots will help EBCE understand the feasibility of achieving evening peak reductions from energy efficiency strategies and will help inform and support a potential funding application to the California Public Utilities Commission.

In June of 2020, this Board approved an Amendment to the Agreement with Recurve adding budget and scope to support implementation of three P4P pilots. At that meeting, this Board was presented with the rationale for such a pilot. Per the [Board Memo provided for the June 17 meeting](#), EBCE has an interest in exploring the ability to procure demand side resources, specifically flexible load resources, as a strategy for reducing carbon emissions and achieving rate stability. Flexible load demand side resources refer to behind the meter strategies to not only reduce overall energy use, i.e., energy efficiency improvements, but to also target load shifting strategies deployed at the same time. This could include, for example, an HVAC system retrofit that incorporates a programmable thermostat, enabling a homeowner to save money on bills through overall efficiency, and also maximize savings for time of use billing by “pre-cooling” a home during midday hours when renewable energy is cheap and abundant, and avoiding cooling during evening peak hours when energy is expensive and more carbon intensive. Incorporating both overall baseload reduction as well as the ability to shift when energy demand occurs can help to minimize the overall need for energy procurement during expensive and carbon intensive evening hours (Figure 1).

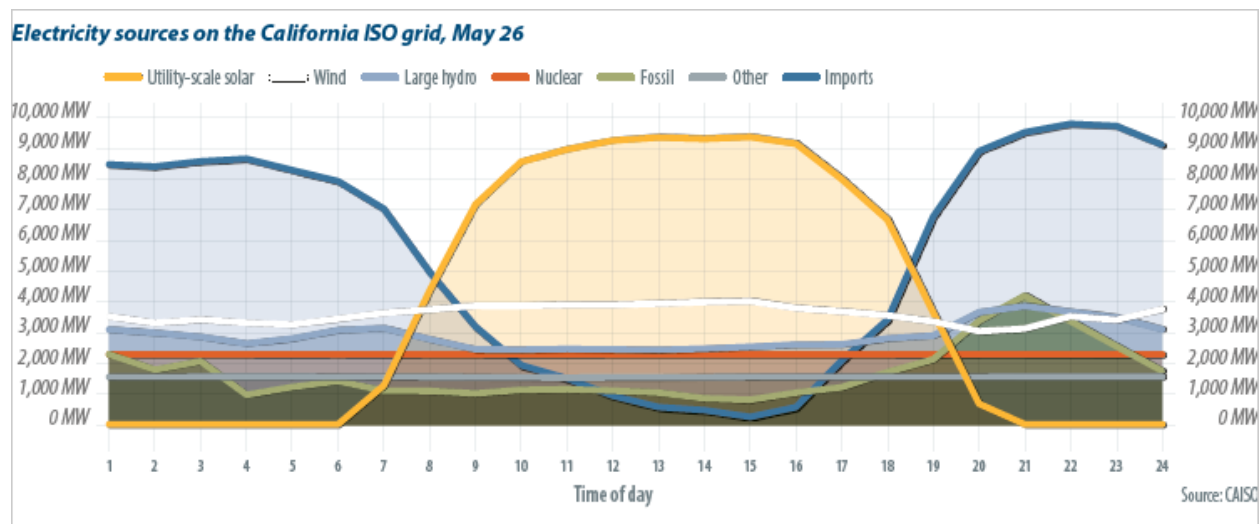


Figure 1. Image source: Harald Schütt for pv magazine. Data from CASIO.

There are many potential benefits associated with procuring these resources from behind the meter strategies, versus from front of the meter storage. Energy efficiency offers many benefits to participants, including increased comfort and safety, reduced bills, and higher quality of life. Energy efficiency programs also stimulate the local economy, by saving customers money traditionally spent on their electricity bills - which can be spent elsewhere - and through local workforce development.

The Recurve platform enables these pilots by offering a measurement and verification function. By developing a baseline from EBCE customer data, the Recurve platform calculates the expected energy consumption in the absence of any interventions, i.e., an energy efficiency retrofit. Once a project has been performed on a property, the actual meter based consumption post-project is compared against the expected baseline in a “no-intervention” scenario, and the difference is attributed to the project and becomes the basis of incentive payments. In other words, P4P programs pay an incentive based on the program impacts as measured at the meter.

An additional benefit of this platform is that it allows EBCE to perform targeted outreach for these pilots, ensuring that the participants targeted for the program are those who may benefit the most from the program. Figure 2 shows the load shape of customers selected for the program (in this case, single family residential), as compared to the total population of customers and the “non-selected” customers. This figure demonstrates that the targeted customers use significantly more energy in the evening peak time frame; thus, these are customers who would benefit the most from a program targeting evening peak.

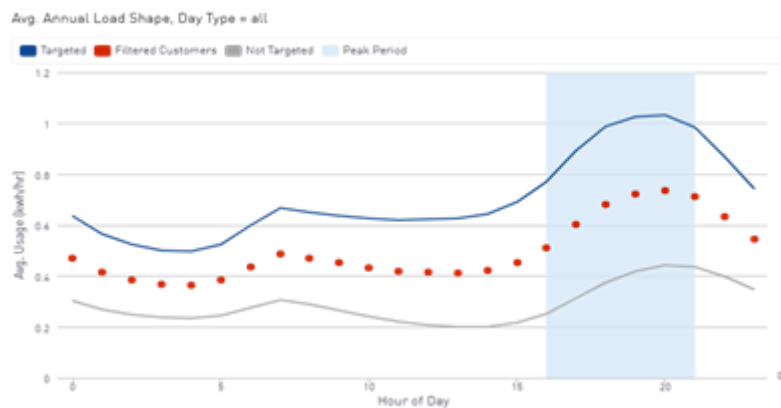


Figure 2. Load Shapes of Targeted vs. Non-Targeted Customers. Targeted customers are represented in blue, non-targeted customers are in gray, and the total population is in dashed red.

### Existing Program Implementations

In August of 2020, two vendors were selected to implement the low-income P4P pilot, a program which leverages the Recurve analytics to target CARE customers who are using high amounts of energy and offer the customers no-cost options for reducing energy use. EBCE is working with OhmConnect and Rising Sun Energy Center to provide two no-cost options for residential customers on the CARE rate to manage their energy use. One cohort of customers will be offered a free energy assessment through the Rising Sun Green House Call program, a virtual walk through on the phone

with trained youth energy specialists, and will be provided with a kit of easy-to-install energy saving devices, such as LED bulbs and low-flow showerheads. Customers who are good candidates for additional peak shaving opportunities will be offered free smart thermostats and TP link load controlling devices and will be enrolled in the OhmConnect platform to earn money for reducing energy during peak periods. This offers customers the opportunity to further maximize their savings and get paid during peak events by automating the load shed activity. Customers who connect their smart thermostat or TP link devices on the OhmConnect platform will additionally be given a bill credit by EBCE. EBCE has developed campaign messaging jointly with OhmConnect and Rising Sun and will be emailing roughly 25,000 customers starting the week of October 5. The program targets up to 1,000 green house calls and can provide bill credits for up to 4,000 customers.

In September of 2020, EBCE selected CLEAResults to implement the residential P4P program. The contract is under negotiation and the program is expected to start enrolling customers in Q4 of this year. The program will leverage the existing [BayREN single family energy efficiency program](#) to encourage contractors to offer deeper savings and load shift among program participants. The program is structured to pay CLEAResults for additional savings that accrue above and beyond forecasted savings from installed projects, with higher incentives paid at times of peak energy demand (4-9 pm in summer months). The program will explore if additional resource value can be gleaned from energy efficiency programs, motivating contractors and implementers to provide quality installation and expand the suite of measures offered customers in a typical energy efficiency project (for example, incentivizing load control strategies). The program is targeting 109,000 kWh delivered savings.

#### Commercial P4P Implementation

The proposed amendment would enable implementation of the third P4P program focused on implementation of a commercial energy efficiency program with an emphasis on reductions during peak hours.

MCE, a community choice aggregator serving four counties in the Bay Area, is implementing a similar P4P program for commercial properties. EBCE and MCE agreed to explore the potential of working together on a jointly implemented program to expand the potential service area for program opportunity. Leveraging the MCE program will open up benefits to EBCE. Because the MCE program is significantly larger in size, it should offer a more enticing opportunity for contractors in the Bay Area helping to boost enrollment in EBCE's commercial program. Additionally, MCE has laid much of the groundwork of program design and administration, so EBCE staff

will be able to leverage this work to facilitate a quicker and more cost-effective program launch.

Under the MCE program, MCE staff envision a larger role in program administration and oversight for Recurve than what was originally contemplated by EBCE. For EBCE to offer a complimentary program in our service area, there is the need for EBCE to add additional scope and budget to the existing Agreement with Recurve. EBCE staff are waiting for the MCE contract with Recurve to be fully executed and intend to mimic the scope and payment terms developed under that agreement. Of note, the payment structure under the commercial program will be contingent upon delivered savings, helping to protect EBCE from risk of underperformance on the part of Recurve. In exchange for a modest program fee (currently calculated at 15% of delivered savings), EBCE will have the opportunity to leverage a significant amount of administrative work on the part of Recurve via the MCE P4P program.

EBCE is interested in exploring the potential of demand side programs to offer resource benefits to EBCE. If EBCE can capture significant demand reduction through these P4P programs and can ensure these demand reductions are captured at times when energy is the most expensive to provide, then there is the possibility to gain procurement benefits from these demand side activities. To explore this possibility, the Recurve contract will be structured such that the payment for Recurve is based upon EBCE's avoided costs. While EBCE has been developing a cost of service model to understand more accurately what these avoided costs are, the model may need a bit of fine tuning before it can be used as a basis of payment. EBCE staff anticipates finalizing the amendment within the next few weeks, but as the final cost of service model will not be prepared at the time of the Board packet deadline, staff is seeking authorization for the CEO to negotiate and execute the amendment to this Agreement once that analysis has been completed and agreed upon by the counterparties. The total NTE of the proposed amendment will not exceed \$50,000.

### **Fiscal Impact**

This amendment will be funded with \$50,000 from the Local Development Budget.

### **Attachments**

- A. Resolution Authorizing the CEO to Negotiate and Execute a Second Amendment with Recurve Analytics

**RESOLUTION NO. \_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT WITH RECURVE ANALYTICS TO PROVIDE IMPLEMENTATION SUPPORT FOR A COMMERCIAL PAY-FOR-PERFORMANCE PILOT**

**WHEREAS** the East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

**WHEREAS** in October 2019, EBCE entered into a Consulting Services Agreement with Recurve Analytics (“Recurve”) to develop a baseline for time-based demand side resource procurement programs and to provide technical energy efficiency consulting services.

**WHEREAS** in June of 2020, the EBCE Board of Directors approved an Amendment to the Consulting Services Agreement with Recurve Analytics to provide implementation support for three pay-for-performance (“P4P”) pilots programs.

**WHEREAS** EBCE desires to jointly implement the commercial P4P program with MCE, a community choice aggregator serving four counties in the northern portion of the San Francisco Bay Area.

**WHEREAS** to ensure that EBCE can administer a substantially similar program to that of MCE, additional scope and budget are required for the Agreement with Recurve Analytics.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The Board of Directors hereby authorizes the CEO to negotiate and execute a Second Amendment to the Consulting Services Agreement with Recurve Analytics to increase the total compensation by an amount not to exceed \$50,000, to add additional services to the scope, and to extend the term of the Agreement through December 31, 2021.

ADOPTED AND APPROVED this 21st day of October, 2020.

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Dan Kalb, Chair

ATTEST:

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Stephanie Cabrera, Clerk of the Board