Consent Item 9

TO: East Bay Community Energy Board of Directors

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

SUBJECT: **Adopt a Resolution Authorizing EBCE CEO to Negotiate and Execute an Agreement with Selected Vendor to Implement a Pay-for-Performance Energy Efficiency Program for EBCE's Residential Customers**

DATE: September 16, 2020

Recommendation

Adopt a Resolution Authorizing the CEO to Negotiate and Execute a Consulting Services Agreement with Selected Vendor to Implement a Pay-for-Performance Energy Efficiency Program for EBCE's Residential Customers, for a total amount not to exceed $250,000 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 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 for achieving 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 pay-for-performance pilots. These pilots will help EBCE understand the feasibility of achieving evening peak reductions from energy efficiency strategies and would 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 pay-for-performance 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).

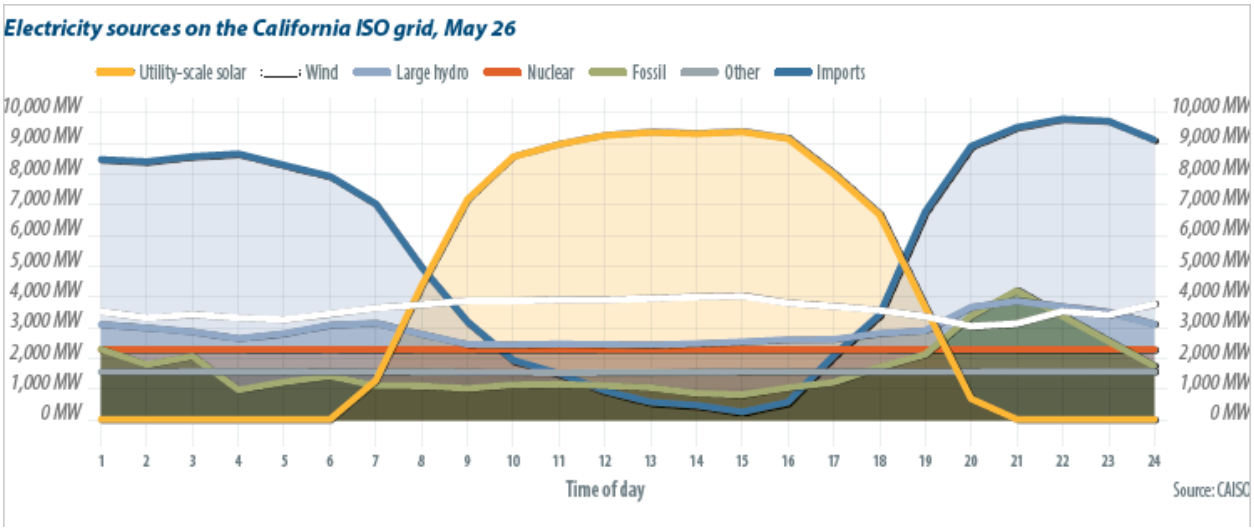

Figure 1. Image source: Harald Schütt for pv magazine. Data from CASIO.

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, pay-for-performance 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.

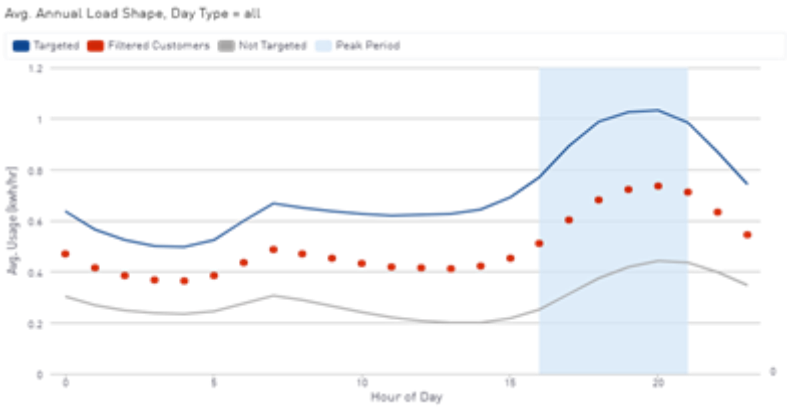

Figure 2. Load Shapes of Targeted vs. Non-Targeted Customers. Targeted customers are represented in blue, non-targeted customers are in gray, and the total population is in dashed red.

Residential P4P Procurement

This Resolution is specific to one of these three pilots referred to above, specifically the pilot focused on implementation of a residential energy efficiency program with an emphasis on reductions during peak hours.

EBCE staff released a Request for Qualifications on August 28 to identify a list of vendors capable of implementing a program based on a standard Pay-for-Performance offer. The program budget is $250,000, and all funding will be paid on a "savings delivered" basis. To accomplish this, EBCE will be leveraging the Recurve platform to track projects enrolled in the program and will communicate measured savings to EBCE. Incentive levels may be negotiated with the selected vendor, but EBCE anticipates establishing lower incentive levels for baseload EE reductions, and higher incentives for those measures tied to reductions in peak usage. EBCE staff are also considering tying these incentives to greenhouse gas emissions benefits to focus on the added value of electrification of residential appliances. To further emphasize greenhouse gas reductions and end-use electrification, natural gas measures have been excluded from the portfolio.

Staff will be evaluating proposals and selecting a vendor in accordance with the Solicitation, and time is of the essence in signing the contract with the selected vendor. Therefore, staff is seeking authorization for the CEO to negotiate and execute the an EBCE Consulting Services Agreement with the selected vendor. As this solicitation was run as a standard offer, the only terms anticipated to be negotiated are incentive levels and minor amendments to EBCE's Consulting Service Agreement (if requested by the vendor and agreed to by EBCE staff and legal counsel).

Fiscal Impact

This program uses $250,000 in funding from the Local Development Budget, which was earmarked for these pilots.

Attachment

A. **Resolution Authorizing the CEO to Negotiate an Execute a Consulting Agreement with Selected Vendor**

RESOLUTION NO.__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AURHORIZING THE CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT TO DELIVER PAY-FOR-PERFORMANCE PROGRAMS TO EBCE'S RESIDENTIAL CUSTOMERS

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 There is a need to test emerging energy efficiency strategies that focus on the time of day when energy is reduced, thereby saving customers money and helping EBCE meet peak energy demand cost-effectively.

WHEREAS EBCE has initiated several pilot "pay-for-performance" programs focused on measuring the actual performance of energy efficiency programs on a time-of-savings basis.

WHERAS The Local Development Budget has been approved by the Board, which includes funding for implementing pay-for-performance energy efficiency programs.

WHEREAS The Local Development program staff have initiated a solicitation to select a vendor to implement this program in accordance with EBCE's Board Adopted Procurement Policy 1.6. The solicitation will be completed after public noticing requirements have passed for the September Board Meeting.

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 EBCE staff to select the vendor from the respondents to the solicitation.

Section 2. The Board of Directors hereby authorizes the CEO to negotiate and execute an EBCE Consulting Services Agreement with the selected vendor for a total amount not to exceed $250,000 through December 31, 2021.

ADOPTED AND APPROVED this 16 day of September, 2020.

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Dan Kalb, Chair

ATTEST:

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Stephanie Cabrera, Clerk of the Board