



To: Honorable Public Utilities Board

Submitted by: /s/
Rebecca Irwin
AGM-Customer Resources

From: Kelly Birdwell Brezovec
Utility Energy Analyst

Approved by: /s/
Nicolas Procos
General Manager

Subject: By Motion, Approve Amendment #1 to the Professional Services Agreement PS 09-15-01 to Extend the Term of the Contract from December 31, 2017, to December 31, 2019, Update the Scope of Service, and Increase the Total Compensation by an Amount Not to Exceed \$1,840,000

RECOMMENDATION

By motion, approve Amendment #1 to the Professional Services Agreement PS 09-15-01 to extend the term of the contract from December 31, 2017 to December 31, 2019, update the scope of service, and increase the total compensation by an amount not to exceed \$1,840,000.

BACKGROUND

On December 14, 2015, the Public Utilities Board (Board) authorized the General Manager to enter into an agreement with Ecology Action to provide a direct-install lighting, HVAC (heating, ventilation and air conditioning), and refrigeration program for non-residential customers. The term of the agreement was from January 1, 2016 to December 31, 2017 for an amount not to exceed \$1,100,000, with an option to renew for up to a total of three additional years. The energy savings target for the program was 3,000 megawatt-hours (MWh) and its budget was funded by the revenue from the short-term sale of AMP's renewable energy credits.

The direct-install program, called the "Energy Plus" program, is focused on removing the barriers to non-residential customers to complete lighting, HVAC and refrigeration retrofits. The barriers include knowledge of energy-efficient technologies (particularly LEDs), high costs, ability and time to hire a qualified installer, retrofit project costs, and compliance with all applicable codes and standards.

Under this direct-install program, Ecology Action markets the program, conducts energy audits that include project design and specifications, encourages customers to complete the retrofit, complies with all applicable codes, refers the customer to a pre-approved contractor to complete the retrofit, and upon completion of the retrofit, surveys the customer to determine satisfaction with the program. Additionally, Ecology Action provides oversight and inspection of all retrofits, does the processing and payment of rebates, and provides program tracking and reporting.

As of November 30, 2017, AMP's Energy Plus program had installed and reported 87 percent of its target of 3,014 MWh—or 2,613,699 kWh of the program's 3,000,000 kWh goal. (Totals through December 31 were not yet available at the time of this writing.) The program had resulted in approximately 110 completed customer installations, split evenly between LED lighting retrofits and refrigeration upgrades, in terms of number of installations. With regard to energy savings, 75 percent came from LED lighting while 25 percent came from refrigeration. Approximately, 60 percent of program customers were on the A1 rate schedule, with the remaining spread across A2, A3, and MU1 rate schedules. Of particular note: most of the program participants had never before participated in an AMP energy-efficiency program.

DISCUSSION

As a publicly owned utility, AMP is required by AB 2021 to set annual energy-efficiency savings targets. The Energy Plus program provides the majority of the energy-efficiency savings to comply with AMP's targets, as the non-residential sector has the largest opportunities for energy-efficiency savings. Staff recommends continuing the Energy Plus program to assist AMP with meeting these targets and is therefore requesting to amend the existing Agreement PS 09-15-01 to extend the program for two years through December 31, 2019, as well as update the scope of work and increase the compensation by \$1,840,000 for a total contract amount of \$2,940,000.

The scope of work is being updated to clarify accepted methodologies to calculate energy savings, increase the amount of marketing performed by Ecology Action, simplify the customer proposal review process, and expand the number of approved installers under Ecology Action's oversight. Additionally, the energy-savings goal for the Energy Plus program will increase to a total of 4,000 MWh by December 31, 2019.

The amended contract will also reflect an increase in program administration fees as a result of the expanded scope and market saturation. Ecology Action's contract is performance-based, so the vendor is only paid when it has successfully completed an installation. As more non-residential customers participate, the remaining non-participants become more expensive to reach and require increased marketing and outreach. Customer rebates will remain at \$0.23 per kWh.

NEXT STEPS

Upon Board authorization, the contract amendment with Ecology Action will be fully executed and work will begin to make program updates and implement the required scope changes.

FINANCIAL IMPACT

There are sufficient funds in the FY 2018 budget to extend the Energy Plus program through June 30, 2018. The remaining funds for the program will be included in the proposed FY 2019 and FY 2020 budgets for Board approval.

LINKS TO STRATEGIC GOALS AND METRICS

KRA 1, Goal 1.1: Ensure that customers have a positive experience

KRA 1, Goal 1.2: Increase customer energy efficiency

KRA 1, Goal 1.2, Initiative 1.2.2: Implementation of REC expenditures for energy efficiency

EXHIBITS

A. Amendment #1 to Professional Services Agreement PS 09-15-01

Energy Plus Program Extension

December 11, 2017

Overview

- Background
- Program overview
- Successes
- Program changes
- Next steps

Energy Plus Contract Background

- January 1, 2016 – December 31, 2017
- Savings target: 3,000 megawatt-hours (MWh)
- \$1,100,000 budget funded by the revenue from the short-term sale of AMP's renewable energy credits.

Energy Plus Program Overview

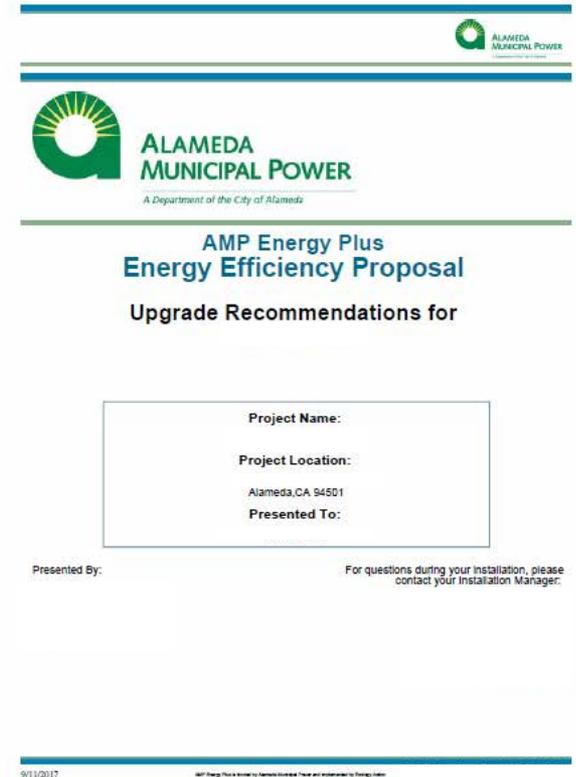
- Goal: Enable customers to complete energy-saving lighting, HVAC, and refrigeration retrofits while reducing strain on AMP's staff
- Customer barriers to participation:
 - Lack of knowledge of energy-efficient technologies
 - Limited time or understanding of how to find a qualified installer
 - Limited understanding of applicable codes and standards

Energy Plus Overview: Customer Benefits

- Energy Plus program administrator, Ecology Action:
 - ✓ Markets the program
 - ✓ Conducts energy audits
 - ✓ Creates a proposal with retrofit plan and expected cost
 - ✓ Complies with all applicable codes
 - ✓ Coordinates hand-off to pre-approved contractor
 - ✓ Surveys the customer to determine satisfaction with the program

Energy Plus Overview: AMP Benefits

- Ecology Action provides:
 - ✓ Program marketing and lead generation
 - ✓ Oversight and inspection of all retrofits
 - ✓ Processing and payment of rebates
 - ✓ Provides program tracking and reporting



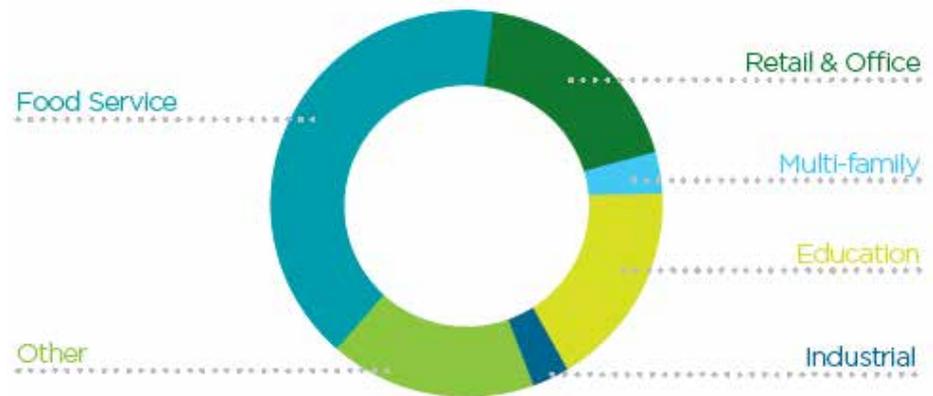
The image shows a form titled "AMP Energy Plus Energy Efficiency Proposal" from Alameda Municipal Power. The form includes a header with the Alameda Municipal Power logo and the text "A Department of the City of Alameda". Below the header, the title "AMP Energy Plus Energy Efficiency Proposal" is followed by "Upgrade Recommendations for". A central box contains the following fields: "Project Name:", "Project Location:", "Alameda, CA 94501", and "Presented To:". Below the box, there are two lines of text: "Presented By:" and "For questions during your installation, please contact your Installation Manager:". At the bottom of the form, there is a date "9/11/2017" and a small URL "AMP Energy Plus is proud to partner with Ecology Action for energy efficiency programs."

Customer Successes*

- 110 customers served
 - 60% small commercial
- 87% of goal achieved
 - Over 2,600 MWh of savings

*“People come and say,
“What did you do, what
is different? The store
looks amazing!”
–Small business owner*

Customer Type Distribution



* These figures are through November 30, 2017.

AMP Success

- AMP is required by AB 2021 to set annual energy-efficiency savings targets.
- FY 2017 savings goal:
 - 2,200 MWh total
 - 1,820 MWh non-residential
- The Energy Plus program provides the bulk of AMP's energy-efficiency savings
 - A similar direct-install program contributed over 1,400 MWh in FY 2016

Proposed Program Changes

- Scope of work:
 - Clarify methodology used to calculate energy savings
 - Increase Ecology Action marketing efforts
 - Simplify the customer proposal review process
 - Expand the number of approved installers
- Energy savings:
 - Additional 400,000 kWh to encompass a total of 4,000 MWh by December 31, 2019
- Program fee:
 - Increase in program administration fees due to expanded scope and market saturation

Proposed Program Changes: Cost

Contract Period	Contract Amount	Cost per kWh saved	Total kWh saved
2015-2017	\$1.1 million	\$0.365	3 million kWh
2018-2020	\$1.84 million	\$0.46	4 million kWh

Savings per kWh are more expensive to achieve in 2018 than in 2015

- Customers and opportunities are more difficult to find; the next program cycle will require more marketing and contractor training and partnerships.
- AMP remains committed to meeting our savings goals and helping our customers save energy.

Next Steps

- Staff requests to amend the existing Agreement PS 09-15-01 to extend the program for two years through December 31, 2019.
- Upon Board authorization, staff and Ecology Action will make program updates.
- There are sufficient funds in the FY 18 budget to extend program through June 30, 2018. Remaining funds will be included in proposed FY 19 budget for Board approval.

Contact Information

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