



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MAY 22, 2017

ITEM NO: 13

SUBJECT: CUSTOMER ENGAGEMENT PROGRAM TASK ORDER WITH SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FOR SERVICES PROVIDED BY ORACLE, INC. IN THE AMOUNT OF \$250,000 THROUGH JUNE 30, 2018

ISSUE:

Approve the Customer Engagement Program Task Order between Riverside Public Utilities and Southern California Public Power Authority in the amount of \$250,000 for services by Oracle Inc. for energy efficiency through June 30, 2018.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Task Order for the Customer Engagement Program through June 30, 2018, between Riverside Public Utilities and Southern California Public Power Authority in the amount of \$250,000 for services offered by Oracle Inc. through a Master Professional Services Agreement with Southern California Public Power Authority; and
2. Authorize the City Manager, or his designee, to sign the Task Order for the Customer Engagement Program through June 30, 2018, between Riverside Public Utilities and Southern California Public Power Authority in the amount of \$250,000 for services offered by Oracle Inc. through a Master Professional Services Agreement with Southern California Public Power Authority; and
3. Authorize City Manager, or his designee, to make any minor non-substantive changes to the Customer Engagement Program Task Order without exceeding the previously approved program budget.

LEGISLATIVE HISTORY:

Several key State legislation mandates govern energy efficiency programs for publicly owned utilities (POU's):

Assembly Bill (AB) 1890 (Brulte, 1996), requires that 2.85% of electric revenue be utilized to fund public benefits programming and must be used in at least one of four areas: demand side management (energy efficiency), renewable energy, low-income assistance, or research, development, and demonstration.

Senate Bill (SB) 1037 (Kehoe, 2005), a comprehensive package that sets ambitious energy conservation policies and goals. SB 1037 requires POU's when procuring energy to serve their customer load, to "first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible" and to report kilowatt hour (kWh) savings to the California Energy Commission annually.

AB 2021 (Levine, 2006), requires POU's to identify, target and achieve all potentially cost-effective electric savings within a 10-year target. Riverside Public Utilities (RPU) has set an ambitious 10-year energy efficiency goal of 1% of annual retail energy sales.

SB 350 (De Leon, 2015), establishes annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas by January 1, 2030. The bill requires local POU's to establish annual targets for energy efficiency savings and demand reduction consistent with this goal.

BACKGROUND:

RPU is a member of Southern California Public Power Authority (SCPPA), a joint powers authority, formed to capture the economies of scale by collectively working with 12 local POU members to procure energy resources, including energy efficiency.

On December 6, 2016, City Council approved the creation and funding up to \$250,000 for the Customer Engagement Program for Fiscal Year 2016-2017. In addition, City Council authorized the City Manager, or his designee, to procure services through SCPPA and to make any minor, nonsubstantive changes to the Customer Engagement Program for energy efficiency.

On February 21, 2017, City Council received an update on RPU's participation and involvement in SCPPA. Council directed staff to provide a detail of proposed expenditures included within each object code of the Public Utilities annual budget to the Board of Public Utilities (Board) and include this information in their budget recommendation to Council. In addition, Council directed staff to provide a bi-annual report to the Board of Public Utilities and City Council on expenditures. After discussion, Council directed staff to seek Board and City Council approval of Task Orders for services procured through SCPPA over \$50,000.

In the past, the (i) creation and funding of all energy efficiency programs were approved by RPU Board and City Council, (ii) expenses related to all approved energy efficiency programs for subsequent Fiscal Years was approved by RPU Board and City Council annually as part of the Public Benefits Program budget process and (iii) RPU's General Manager, or his designee, approved the execution of Task Orders for a service provider procured through SCPPA.

With the change made by City Council on February 21, 2017, items (i) and (ii) above stay the same; however, item (iii) now requires SCPPA Task Orders greater than \$50,000 must be approved by RPU Board and City Council.

DISCUSSION:

Non-financial influences such as providing customers with insights on their energy usage trends have proven to be power motivators that encourage customers to reduce their consumption. The purpose of the Customer Engagement Program (CEP) is to enhance the interaction between the utility and its customers by providing them with resources that help manage their account, therefore, ensuring energy savings and customer satisfaction. The CEP will target specific customers with applicable energy efficiency programs through customer segmentation and will promote existing rebate programs.

Task Order:

RPU will administer the CEP for energy efficiency via a third party vendor procured through SCPPA. A competitive Request for Proposal (FRP) was released by SCPPA on March 31, 2016, specifically for customer engagement programs and resulted in 18 responses from vendors. The Oracle Inc. proposal was one that met all of the requirements of the RFP issued by SCPPA. On May 18, 2017, SCPPA Board will consider approval of the Master Professional Service Agreement (MPSA) Amendment with Oracle Inc. for work under the corresponding RFP. The SCPPA MPSA serves as an umbrella agreement with general terms and conditions between SCPPA and Oracle Inc. This process allows member agencies, including RPU, to procure products and services through a Task Order. The Task Order is an individual detailed

program scope of work governed by the umbrella MPSA between SCPPA and the Vendor. SCPPA administers task orders with the selected vendor for the scope of work and pricing. This process offers a flexible, voluntary “cafeteria-style” program to SCPPA members so that members only participate in and pay for those programs or services of their choice. Many of the services are optional, such that SCPPA members pay only for the services they use.

In May 2016, Oracle Inc. acquired Opower, the leading provider of customer engagement and energy efficiency cloud services to utilities. As a result, the CEP will utilize Oracle’s Opower software platform to engage customers.

The Task Order between RPU and SCPPA for services by Oracle Inc. is for one year in the amount of \$250,000 and will terminate June 30, 2018. The CEP seeks to achieve energy savings target of approximately 560 MWh for program year one. The program scope of work under the present Task Order will engage up to 12,000 RPU residential electric customers through:

1. Home Energy Reports: Colorful reports are mailed to demonstrate how each resident is doing with energy usage compared to a like grouping of similar homes on an average of four times per year;
2. Online Web Portal: access to online tool to view energy usage, set efficiency goals, track progress and conduct self-evaluations 24 hours a day in English and Spanish;
3. Energy Savings Tips Library: access to a selection of tips targeted to household characteristics, including those of low-income customers;
4. Inside Opower Reporting Tool: RPU can access pre-defined program and customer-level data in the form of a dashboard for aggregate data and data extracts.
5. Customer Engagement Tracker: a survey sampling approximately 1,000 customers to determine interaction and satisfaction with the Oracle Opower Program;
6. Program Branding: content with Utility’s logo and color palette to match branding and marketing design consistent with other RPU customer communication.

RPU is saving \$12,000 (5% discount) by procuring services through SCPPA using the economies of scale from the collective buying power of all SCPPA members. In addition, RPU is saving \$39,000 (15% discount) through a negotiated “Strategic Partner Discount.” As a result, these savings collectively equates to \$51,000 in overall program savings for this Task Order. The CEP program will be funded with Public Benefits Funds, under California Public Utilities Code Section 385. Section 385(a)(1) provides that Public Benefits Funds may be used for “Cost-effective demand-side management services to promote energy efficiency and energy conservation.”

FISCAL IMPACT:

Proposed funding for the electric portion of the Customer Engagement Program is \$250,000. Sufficient funds are available in the Residential Electric Insight and Engagement Account No. 6020100-456097.

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Customer Relations/Marketing

Approved by: Girish Balachandran, Public Utilities General Manager

Approved by: John A. Russo, City Manager

Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Laura Chavez-Nomura, Utilities Assistant General Manager/Finance

Attachments:

1. Task Order No. RPU-01
2. Amendment to the Master Professional Services Agreement Between Southern California Public Power Authority and Oracle Inc.
3. Oracle Inc. / Opower Response to Southern California Public Power Authority's RFP
4. Presentation