



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: SEPTEMBER 12, 2017**

**FROM: PUBLIC UTILITIES DEPARTMENT      WARDS: ALL**

**SUBJECT: ANNUAL TASK ORDER APPROVAL WITH SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FOR: UPSTREAM HVAC PROGRAM WITH COHEN VENTURES, DBA ENERGY SOLUTIONS, SCPPA RESOLUTION NUMBER 2013-019 – IN THE AMOUNT OF \$250,000; MULTIFAMILY DIRECT INSTALLATION PROGRAM WITH SYNERGY COMPANIES, SCPPA RESOLUTION NUMBER 2014-082 – IN THE AMOUNT OF \$150,000; RETAIL LED BUYDOWN PROGRAM WITH GREENLITE LIGHTING CORPORATION USA, SCPPA RESOLUTION NUMBER 2014-119 – IN THE AMOUNT OF \$300,000; SMALL BUSINESS DIRECT INSTALLATION PROGRAM WITH LIME ENERGY SERVICES COMPANY, SCPPA RESOLUTION NUMBER 2016-008 – IN THE AMOUNT OF \$965,000; SMALL BUSINESS DIRECT INSTALLATION PROGRAM WITH RICHARD HEATH AND ASSOCIATES INC., SCPPA RESOLUTION NUMBER 2012-005 – IN THE AMOUNT OF \$965,000; KEEP YOUR COOL PROGRAM WITH EFFICIENCY SERVICES GROUP LLC, SCPPA RESOLUTION NUMBER 2015-023 – IN THE AMOUNT OF \$100,000; KEY ACCOUNT ENERGY EFFICIENCY PROGRAM WITH MUNI-FED PARTNER ENERGY, LLC, SCPPA RESOLUTION NUMBER 2017-070 – IN THE AMOUNT OF \$150,000; ANNUAL PROGRAM TASK ORDERS FOR THE ADMINISTRATION OF SEVEN ENERGY EFFICIENCY PROGRAMS FOR FISCAL YEAR 2017-18 IN THE TOTAL AMOUNT OF \$2,880,000**

## **ISSUES:**

Approve the annual Task Orders with Southern California Public Power Authority for the: Upstream HVAC Program with Cohen Ventures, DBA Energy Solutions, SCPPA Resolution Number 2013-019 – in the amount of \$250,000; Multifamily Direct Installation Program with Synergy Companies, SCPPA Resolution Number 2014-082 – in the amount of \$150,000; Retail LED Buydown Program with GreenLite Lighting Corporation USA, SCPPA Resolution Number 2014-119 – in the amount of \$300,000; Small Business Direct Installation Program with Lime Energy Services Company, SCPPA Resolution Number 2016-008 – in the amount of \$965,000; Small Business Direct Installation Program with Richard Heath and Associates Inc., SCPPA Resolution Number 2012-005 – in the amount of \$965,000; Keep Your Cool Program with Efficiency Services Group LLC, SCPPA Resolution Number 2015-023 – in the amount of \$100,000; Key Account Energy Efficiency Program with Muni-Fed Partner Energy, LLC, SCPPA Resolution Number 2017-070 – in the amount of \$150,000; for the administration of seven energy efficiency programs for Fiscal Year 2017-18 in the total amount of \$2,880,000.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the annual Task Order with Cohen Ventures, DBA Energy Solutions, SCPPA Resolution Number 2013-019 for the Upstream HVAC Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18 in the amount of \$250,000; and
2. Approve the annual Task Orders with Synergy Companies, SCPPA Resolution Number 2014-082 for the Multifamily Direct Installation Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18, in the amount \$150,000; and
3. Approve the annual Task Order with GreenLite Lighting Corporation USA, SCPPA Resolution Number 2014-119 for the Retail LED Buydown Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18 in the amount of \$300,000; and
4. Approve the annual Task Order with Lime Energy Services Company, SCPPA Resolution Number 2016-008 for the Small Business Direct Installation Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18, in the amount of \$965,000; and
5. Approve the annual Task Order with Richard Heath and Associates Inc., SCPPA Resolution Number 2012-005 for the Small Business Direct Installation Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18, in the amount of \$965,000; and
6. Approve the annual Task Order with Efficiency Services Group, LLC, SCPPA Resolution Number 2015-023 for the Keep Your Cool Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18, in the amount of \$100,000; and
7. Approve the annual Task Order with Muni-Fed Partner Energy, LLC, SCPPA Resolution Number 2017-070 for the Key Accounts Energy Efficiency Program through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18 in the amount of \$150,000; and
8. Approve the annual program Task Orders through Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18 in the total amount of \$2,880,000; and
9. Authorize the City Manager, or his designee, to sign the Task Orders between Riverside Public Utilities and Southern California Public Power Authority for services by Energy Solutions Inc., Synergy Companies, GreenLite Lighting Corporation USA, Lime Energy Services Company, Richard Heath & Associates, Efficiency Services Group, and Muni-Fed Partner Energy that are agreed upon under the Southern California Public Power Authority Master Professional Services Agreement; including the ability to make any minor nonsubstantive changes to the Task Orders between Riverside Public Utilities and Southern California Public Power Authority without exceeding the previously approved program budget.

## **BOARD RECOMMENDATION:**

On August 14, 2017 the Board of Public Utilities (Board) with five of the eight members present unanimously approved the recommendation to City Council to approve the annual program Task Orders with Southern California Public Power Authority for Energy Efficiency Programs for Fiscal Year 2017-18 in the total amount of \$2,880,000. The Board agreed to correct the Task Order amount for Lime Energy Services Company from \$300,000 to \$965,000 and approved the changes to recommendation number eight to reflect the aggregate annual budget of \$2,880,000.

## **LEGISLATIVE HISTORY:**

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) is a comprehensive package that sets ambitious energy conservation policies and goals. SB 1037 requires publicly owned utilities (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 efficient 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:**

What is SCPPA? Southern California Public Power Authority (SCPPA) headquartered in Glendora, California, is a joint powers agency comprised of eleven municipal utilities and one irrigation district. SCPPA's members consist of the municipal utilities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon and the Imperial Irrigation District. Together they deliver electricity to over 2 million customers in the Southern California basin, spanning an area of 7,000 square miles, and with a total population that exceeds five million.

Formed in 1980, SCPPA was created for the purpose of providing joint financing, construction and operation of transmission and generation projects. Today, SCPPA fulfills a broad range of services for its members by providing effective forums of collaboration through committees such as: Customer Service, Finance, Public Benefits, Resource Planning, Transmission and Distribution, Engineering and Operations, Natural Gas, and Renewable Energy Resources. SCPPA members enjoy economies of scale pricing due to the aggregated buying power of the joint powers agency.

SCPPA is a membership based organization comprised of twelve members. The SCPPA direct and administrative costs for program development are allocated to members with the following formula: 50% equal shares and 50% utility load in MWh. RPU expenditures for energy efficiency programs administered by SCPPA vendors are passed through SCPPA from the vendor to RPU and have no impact on other SCPPA members or SCPPA's operating budget as a whole.

On August 14, 2007, the City Council unanimously approved the use of SCPPA for the procurement of energy efficiency (EE) and conservation programs and services.

The City Council approved various new EE programs and campaigns geared to our residential and non-residential customers to achieve energy efficiency goals and targets set forth by state legislation. The table below is an overview of the RPU programs that are currently administered by SCPPA contractors:

Energy Efficiency Programs through SCPPA				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved by City Council
Upstream High Efficiency Commercial HVAC Program	Energy Solutions	Commercial HVAC rebates at the distributor level	3/4/2014	\$300,000
Multifamily & Mobile Home Direct Installation Program	Synergy Companies	Direct installation of energy efficiency measures	3/4/2014	\$100,000
LED Buydown Program	GreenLite	LED customer incentives offered at participating retailers	3/17/2015	\$300,000
Small Business Direct Installation Program (SBDI)	Lime Energy (Enerpath)	Lighting and HVAC improvements to small businesses	2/7/2012	\$350,000
Small Business Direct Installation Program (SBDI)	Richard Heath & Associates (RHA)	Lighting and HVAC improvements to small businesses	2/7/2012	\$350,000
Keep Your Cool Program (KYC)	Efficiency Services Group (ESG)	Lighting and refrigeration improvements to customers with large refrigeration load	2/7/2012	\$350,000
Key Account Energy Efficiency Program (KEEP)	Munifed/ Partner Energy	Commercial and Industrial in Depth Efficiency Audits	3/4/2014	\$100,000

On February 21, 2017, the City Council received an update on RPU's participation and involvement in SCPPA. The City Council directed staff to provide detailed proposed expenditures included within each object code of the Public Utilities' annual budget to the Board. Additionally, the City Council directed staff to provide their budget recommendations to the City Council and directed staff to deliver a bi-annual report to the Board and City Council on expenditures. After discussion, the City Council added one additional recommendation requiring City Council approval of task orders over \$50,000.

In the past, creation of all energy efficiency programs were approved by the Board and City Council, expenses related to all approved energy efficiency programs were approved by the Board and City Council annually as part of the Public Benefits Program budget process, and the execution of task orders to utilize a service provider procured through SCPPA were approved by RPU's General Manager.

With the change made by the City Council on February 21, Task Orders over \$50,000 will be presented the Public Utilities Board and the City Council for consideration.

*RPU Procurement Process through SCPPA – EE Programs:* SCPPA enters into contracts with vendors to provide services to its member agencies. SCPPA will post a competitive Request for Proposal (RFP) related to an EE program as desired by the member agencies. Once a vendor(s) is selected through a procurement process, SCPPA will enter into a Master Professional Services Agreement (MPSA) for work related under the RFP. The SCPPA MPSA serves as an umbrella agreement with general terms and conditions between SCPPA and the vendor and allows member agencies to participate in these programs through execution of a Task Order between the member agency and SCPPA. This process offers a flexible, voluntary “cafeteria-style” program to its 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 members pay only for the services they use. Should RPU decide to participate, a Task Order between the RPU and SCPPA is created to accept these services from the selected vendor. The Task Order is an individual detailed program agreement governed by the umbrella MPSA between SCPPA and the vendor. The standard term of the MPSA between SCPPA and the vendor is a three-year agreement which may be extended an additional three-year term in writing by SCPPA. The MPSA does not expire while services pursuant to an open Task Order with a member agency remain to be completed. Staff administers Task Orders and fully discloses the selected vendor’s scope of work and pricing. RPU anticipates that each vendor contained in this report will either have their SCPPA MPSA’s extended prior to expiration or will be granted a new MPSA upon completion on any of RPU’s open Task Orders during Fiscal Year 2017-18.

*Rate Payer Benefit:* Services are procured using economies-of-scale pricing from the collective buying power of all SCPPA members, resulting in significant ratepayer savings. Annual savings utilizing SCPPA for these EE programs range between 4%-35% depending on the specific program. This amounts to an estimated savings of nearly 18% or \$520,000 per year for all RPU energy efficiency programs administered through SCPPA. Partnering with SCPPA to provide energy efficiency programs has proven to be a cost effective and efficient approach to administering these programs and has significantly enhanced RPU’s ability to achieve kWh savings goals. Additionally, RPU benefits from leveraging SCPPA staff to assist in conducting the competitive bidding process. If RPU were to release seven separate Requests For Proposals, this would significantly impact staff resources and may delay delivery of these EE programs to customers.

## **DISCUSSION:**

RPU administers the energy efficiency programs outlined below on an annual basis from July 1<sup>st</sup> through June 30<sup>th</sup> via a third party vendor procured through SCPPA to obtain economies of scale pricing. SCPPA procured each vendor by issuing an RFP and their participation in a competitive bidding process. In addition, RPU conducted its own due diligence process with each vendor before electing to utilize them for any energy efficiency program.

The reported savings values in the tables below reflect Fiscal Year 2015-16 data. The final Fiscal Year 2016/17 savings numbers have yet to be determined as RPU does not report the energy savings from each program until the savings have cleared payment. The SCPPA billing process typically lags by two months so the energy savings realized in June will not be reported until August.

*Upstream High-Efficiency HVAC Program – Cohen Ventures, DBA Energy Solutions:*

The Upstream High-Efficiency HVAC Program offers a rebate incentive for commercial high-efficiency HVAC equipment purchases that exceed Title 24 requirements. The incentive is provided upstream at the wholesale distribution channel level, thereby encouraging commercial HVAC equipment distributors to stock and sell more efficient commercial HVAC equipment.

Upstream High Efficiency Commercial HVAC Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Upstream High Efficiency Commercial HVAC Program	Energy Solutions	Commercial HVAC rebates at the distributor level	3/4/2014	\$300,000	28	513	\$96,883	\$ 0.19	\$ 0.01

The Task Order between RPU and Energy Solutions is for Fiscal Year 2017-18 in the amount of \$250,000. The Upstream HVAC program is expected to achieve an estimated energy savings target of 280 MWh for Fiscal Year 2017-18. RPU is saving \$31,250 (12.5% discount) by procuring services through SCPPA using the economies of scale pricing.

*Multi-family & Mobile Home Direct Installation Program – Synergy Companies:*

This program offers multi-family and mobile home residents the direct installation of a specific list of measures including HVAC tune-ups, lighting efficiency upgrades, weatherization and advanced Tier 2 power strips. The program also addresses energy efficiency in multi-family and mobile home park common areas.

Multifamily & Mobile Home Direct Installation Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Multifamily & Mobile Home Direct Installation Program	Synergy Companies	Direct installation of energy efficiency measures	3/4/2014	\$100,000	492	647	\$192,287	\$ 0.30	\$ 0.03

The Task Order between RPU and GreenLite Lighting Corporation USA is for Fiscal Year 2017-18 in the amount of \$300,000. The LED Buydown Program is expected to achieve an estimated energy savings target of 2,000 MWh for Fiscal Year 2017-18. RPU is saving \$12,000 (4% discount) by procuring services through SCPPA using the economies of scale pricing.

*LED Buydown Program – GreenLite:*

The LED Buydown Program incentivizes RPU customers to purchase and install certain LED light bulbs at a reduced price due to RPU buying-down the retail cost at participating local stores.

LED Buydown Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
LED Buydown Program	GreenLite	LED customer incentives offered at participating retailers	3/17/2015	\$300,000	59,904 (bulbs)	1,906	\$300,536	\$ 0.16	\$ 0.01

The Task Order between RPU and GreenLite Lighting Corporation USA is for Fiscal Year 2017-18 in the amount of \$300,000. The LED Buydown Program is expected to achieve an estimated energy savings target of 2,000 MWh for Fiscal Year 2017-18. RPU is saving \$12,000 (4% discount) by procuring services through SCPPA using the economies of scale pricing.

*Small Business Direct Installation Program – Lime Energy & Richard Heath and Associates:*

This program provides small and medium sized businesses with energy audits, and direct installation of energy efficiency measures such as lighting upgrades and controls, HVAC tune-ups, exit and open/closed signs, advanced power strips, and weatherization measures. This program utilizes the services of two SCPPA vendors who each service different zip codes in the City.

Small Business Direct Installation Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Small Business Direct Installation Program	Lime Energy (Enerpath)	Lighting and HVAC improvements to small businesses	2/7/2012	\$350,000	777	1,782	\$770,015	\$ 0.43	\$ 0.14

Small Business Direct Installation Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Small Business Direct Installation Program	Richard Heath & Associates	Lighting and HVAC improvements to small businesses	2/7/2012	\$350,000	730	1,287	\$699,850	\$ 0.54	\$ 0.18

The Task Order between RPU and Lime Energy is for Fiscal Year 2017-18 in the amount of \$965,000. The Task Order between RPU and Richard Heath & Associates is for Fiscal Year 2017-18 in the amount of \$965,000. The Small Business Direct Installation Program budget of \$1,930,000 is expected to achieve an estimated energy savings target of 3,400 MWh for Fiscal Year 2017-18. RPU is saving \$386,000 (20% discount) by procuring services through SCPPA using the economies of scale pricing.

*Keep Your Cool Program – Efficiency Services Group:*

The Keep Your Cool program is targeted to specific small businesses such as mini-marts, delis and convenience stores and restaurants that have a significant amount of refrigerated food and beverages storage. The program offers the direct installation of energy efficiency measures such as air curtains, cooler gaskets, automatic door closures, LED case lighting retrofits and high-efficiency motor upgrades.



Keep Your Cool Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Keep Your Cool Program	Efficiency Services Group	Lighting and refrigeration improvements to customers with large refrigeration load	2/7/2012	\$350,000	27	198	\$169,776	\$ 0.86	\$ 0.14

The Task Order between RPU and Efficiency Services Group is for Fiscal Year 2017-18 in the amount of \$100,000. This Small Business Direct Installation Program seeks to achieve an estimated energy savings target of 400 MWh for Fiscal Year 2017-18. RPU is saving \$25,000 (25% discount) by procuring services through SCPPA using the economies of scale pricing.

*Key Account Energy Efficiency Program – Muni-Fed Partner Energy:*

The KEEP program targets RPU's largest Time of Use Customers. This segment includes the top 300 RPU customers in regards to consumption. KEEP is intended to provide these Key Account customers with a comprehensive energy efficiency plan, including a priority list of recommended energy efficiency measures along with an estimated return on investment and applicable utility incentives. RPU is also working with Southern California Gas Company on this program. Customers are offered additional technical and contracting assistance to bring large energy efficiency projects from concept to completion.

Key Account Energy Efficiency Program through SCPPA					FY 2015 - 2016				
Program	Vendor	Service	City Council Program Approval Date	Original Amount Approved	Participation	Energy Savings (MWh)	\$ Spent	Annual Resource Cost	Lifetime Resource Cost
Key Account Energy Efficiency Program	Munifed/ Partner Energy	Commercial and Industrial in Depth Efficiency Audits	3/4/2014	\$100,000	6	n/a *	\$13,250	\$ 0.20	> \$ 0.01

\* kWh Savings captured upon customer project completion

The Task Order between RPU and Muni-Fed Partner Energy is for Fiscal Year 2017-18 in the amount of \$150,000. The Key Account Energy Efficiency Program seeks to achieve an estimated energy savings target of 1,500 MWh for Fiscal Year 2017-18 once customers complete the projects identified during the comprehensive energy efficiency plan. RPU is saving \$33,000 (33% discount) by procuring services through SCPPA using the economies of scale pricing.

**FISCAL IMPACT:**

Budgeted available funds for the energy efficiency programs through SCPPA included in this report are as follows:



Program	SPPA Contractor	Fiscal Year 2017-18 Budget	Account Number	Sufficient Funds Available
Upstream HVAC Program	Energy Solutions	\$ 250,000.00	6020100-456091	Yes
Multifamily Direct Installation Program	Synergy Companies	\$ 150,000.00	6020100-456092	Yes
LED Buydown Program	GreenLite	\$ 300,000.00	6020100-456096	Yes
Small Business Direct Installation Program	Lime Energy	\$ 965,000.00	6020100-456080	Yes
Small Business Direct Installation Program	Richard Heath & Associates	\$ 965,000.00	6020100-456080	Yes
Keep Your Cool	Efficiency Services Group	\$ 100,000.00	6020100-456080	Yes
Key Account Energy Efficiency Program	Muni-Fed Partner Energy	\$ 150,000.00	6020100-456094	Yes
<b>Total</b>		<b>\$ 2,880,000.00</b>		

Prepared by: Girish Balachandran, Utilities General Manager  
 Certified as to  
 availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer  
 Approved by: John A. Russo, City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

**Attachments:**

1. Upstream HVAC Program – Cohen Ventures DBA Energy Solutions Task Order No. RPU-03
2. Multifamily DI Program – Synergy Companies Task Order No. RPU-03
3. LED Buy Down Program – GreenLite Lighting Corporation USA Task Order No. RPU-02
4. Small Business Direct Installation Program – Lime Energy Task Order No. RPU-02
5. Small Business Direct Installation Program – Richard Heath and Associates Task Order No. RPU-02
6. Keep Your Cool Program – Efficiency Services Group Task Order No. RPU-02
7. Key Account Energy Efficiency Program - Muni-Fed Partner Energy Task Order No. RPU-03
8. Board Minutes
9. Presentation