



Agenda Report

20-879

Agenda Date: 11/10/2020

REPORT TO COUNCIL

SUBJECT

Action on an Agreement for Services with Energy & Resource Solutions, Inc. for Commercial and Industrial Energy Audit and Rebate Management Services

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

In accordance with Public Utilities Code (PUC) Section 385 covering Public Benefits Charge (PBC) and the City's Public Benefits Program Policy Statement adopted by Council on May 12, 1998, staff developed energy efficiency programs to benefit Silicon Valley Power's (SVP) commercial and industrial customers. There has been a significant increase in pressure in the past several years from the legislature, California Energy Commission, and environmental agencies to boost the level of energy efficiency programs in municipal utilities, with recent legislation seeking to double the amount of energy efficiency achieved in California. Based on the load profile in the City, nearly all of the energy efficiency potential comes from the business customer class. Additionally, the City is required by state law to expend all PBC funds collected on appropriate energy efficiency, renewable energy, low-income, or new electric technology programs. Accordingly, SVP seeks to continue to enhance the business efficiency programs and add electrification programs to address the statewide greenhouse gas reduction goals.

The energy efficiency and conservation programs provide SVP's commercial and industrial customers with incentives and assistance in purchasing and installing energy efficient equipment. These programs also help the City implement energy efficiency measures and assist business customers in reducing their electric bills and peak energy requirements. The increased energy efficiency benefits the entire community and contributes toward meeting the City's Climate Action Plan goals. It also assists in achieving state-mandated energy efficiency goals for the electric utility.

The City has contracted with Energy and Resource Solutions, Inc. (ERS) since 2010 to manage SVP's business energy efficiency programs. ERS performs free energy audits for business customers, assists customers in identifying appropriate equipment for upgrades, verifies the eligibility of equipment for incentives, performs pre- and post-inspections of energy efficiency upgrades, assists with completion of rebate applications, and administers the Trade Ally Network for contractors participating in the utility's rebate programs. The current Agreement expires on November 30, 2020.

DISCUSSION

In April 2020, the City issued a Request for Proposals (RFP) for commercial and industrial energy audit and rebate management services, using the City's e-procurement system. A total of 93 companies viewed the RFP and the City received proposals from seven companies:

- AECOM Technical Services, Inc. (Oakland, CA)
- Cumming Management Group, Inc. (Sunnyvale, CA)
- Ecobility (Newmarket, ON)
- Energy and Resource Solutions, Inc. (North Andover, MA)
- Frontier Energy, Inc. (Oakland, CA)
- Nexant, Inc. (San Francisco, CA)
- TRC Companies (San Francisco, CA)

Evaluation: A three-member evaluation team was formed to evaluate the proposals. Each team member independently evaluated and scored the proposals.

Proposal Responsiveness: Staff determined all proposals were responsive and met the initial pass/fail review of the stated minimum qualifications.

Experience (35% weight): Each proposer's experience was considered including number of years providing commercial and industrial energy audit and rebate management services at agencies similar to the City of Santa Clara's.

Technical Capabilities (50% weight): Proposals were evaluated for a variety of factors including the proposers' approach to conducting energy audits, implementing energy savings measures, and reducing operating costs.

Cost (15% weight): Cost proposals were opened and scored at the end of the technical proposal evaluation.

Oral Presentations: In July 2020, the top three proposers, ERS, Frontier Energy, and Nexant, were invited to participate in oral interviews to demonstrate their knowledge and understanding of the City's requirements, and introduce key personnel who would be assigned to the project.

The evaluation results are summarized in the table below.

<u>Criteria</u>	<u>Maximum Points</u>	<u>ERS</u>	<u>Frontier Energy</u>	<u>Nexant</u>
Experience	35	29.4	27.1	27.5
Technical Capabilities	50	32.8	33.9	33.1
Cost	15	9.2	7.6	10.1
Totals	100	71.4	68.6	70.7

Award Recommendation: Staff recommends award of Agreement to ERS as the most advantageous and best value proposal per the evaluation criteria set forth in the RFP. Their proposal met or exceeded all of the RFP specifications, and their solution was rated superior in the following key areas:

- Extensive experience providing energy efficiency program management services in the state of California, as well as Evaluation, Measurement and Verification (EM&V) of energy efficiency programs. Additionally, ERS demonstrated that they are extremely knowledgeable about California's legislative and regulatory requirements regarding energy efficiency programs and calculation of energy savings.
- Understanding and use of the Technical Reference Manual used by public power utilities to determine energy savings claims for all energy efficiency measures in accordance with California's SB1037 reporting requirements.
- Demonstrated experience in conducting research on electrification measures for business customers and implementing those measures in Silicon Valley Power's service territory.
- Uniquely qualified to recommend and develop energy efficiency programs that can be brought to market quickly, which will supplement SVP's traditional energy efficiency programs and assist the City in reaching its Climate Action Plan goals.
- Broad experience implementing and evaluating energy efficiency programs across the country; ERS shall bring best practices in program design to Silicon Valley Power's program portfolio.

References were checked with Efficiency Maine Trust (Augusta, ME), City of Palo Alto Utilities (Palo Alto, CA), and Eversource CT (Berlin, CT). The references checked positive.

Notice of Intended Award: A Notice of Intended Award (NOIA) announcing the City's recommended vendor was published on July 16, 2020.

Term of Agreement: The initial term of the proposed Agreement will be nineteen months beginning on December 1, 2020 and ending on June 30, 2022. After the initial term, the City may exercise up to five one-year options to extend the Agreement, subject to the appropriation of funds.

Summary of Agreement: The Agreement with ERS includes provision of all labor, materials, and technical expertise to provide commercial and industrial energy audit and rebate management services. The proposed Agreement includes a detailed scope of services, and a compensation schedule tied to the successful performance of management tasks and meeting key performance indicators.

Cost Summary: For the 19-month period, compensation includes fixed pricing for energy efficiency program management fees, field services, and customer service tasks totaling \$1,419,300. Compensation also includes variable performance incentives, based on achieved energy savings and key performance indicators, not to exceed \$172,400. In addition, an estimated not-to-exceed amount of \$100,000 is included for additional services, such as engineering studies and custom energy audits for SVP's large customers, bringing the total compensation to \$1,691,700. The electric program manager will provide prior approval in advance of services being provided by ERS.

Pricing for the commercial and industrial energy audit and rebate management services is set forth in the table below.

Commercial and Industrial Energy Audit and Rebate Management Services	
Program Administration Services	\$141,930
Field Services	\$709,650
Customer Service	\$567,720
Subtotal Fixed Pricing	\$1,419,300
Performance Incentives	
Energy Savings: Small Business Customers	\$5,550
Energy Savings: Medium-sized Business Customers	\$12,950
Energy Savings: Large Business Customers	\$81,400
Key Performance Indicators	\$72,500
Subtotal Performance Incentives	\$172,400
Additional Services	\$100,000
CONTRACT NOT TO EXCEED TOTAL (19-month term)	\$1,691,700

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Total cost of the commercial and industrial energy audit and rebate management services, including contingency, shall not exceed \$1,691,700, inclusive of the \$100,000 for additional services, over the initial 19-month period.

The cost for the option years after the initial term shall be based on renewal quotes from ERS, however costs are not expected to exceed \$1,500,000 per option year.

The funding for seven months of payments (December 1, 2020 through June 30, 2021) is available in the Adopted FY 2020/21 Operating Budget in the Electric Operating Grant Trust Fund. Funding in the out years is subject to budget appropriations and will be incorporated into the budget development process for those years.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager to execute an Agreement with Energy and Resource Solutions, Inc. for commercial and industrial energy audit and rebate management services, for an initial term starting on or about December 1, 2020 and ending on June 30, 2022 for total maximum amount not-to-exceed \$1,691,700, subject to the annual appropriation of funds;
2. Authorize the City Manager to execute up to five one-year options to extend the term of the Agreement after the initial term, ending June 30, 2027 assuming all options are exercised, subject to the annual appropriation of funds; and
3. Authorize the City Manager to add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor and approval by the City, subject to the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement for Services with Energy and Resource Solutions, Inc.