



PAY for PERFORMANCE PILOT PROJECT

12/10/13 Energy & Environment Committee

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OUTLINE

- Background
- Pilot Program
- RFP Process
- Selected Projects
- Next Steps

BACKGROUND

- Pay for Performance
- Climate Action Plan Recommendation
- Potential Benefits
- Challenges

CITY LIGHT PILOT PROGRAM

- Strategic Plan Initiative
- Three Year Pilot
- Focus on Existing Commercial Buildings
- RFP to Select Participants
- Regular Reporting and Incentive Payments
- Pilot Evaluation to Assess Experience & Make Recommendation

RFP PROCESS

- RFP Issued, Proposals Due 2/15/13
- Allowed proposers to bid incentive rate
 - Include long-lived measures
- Criteria for selection
 - Cost-effective vs City Light avoided costs
- Five strong responses received

SELECTED PILOT PROJECTS



Building	Owner	Service Provider	Measures	Incentive Rate
Lake Union Building	Lake Union Building LLC	MacDonald-Miller Facility Solutions	HVAC Upgrades HVAC Controls	\$0.08/kWh
One Union Square	Washington State Investment Board	McKinstry	HVAC Upgrades Operations LED Lighting	\$0.228/kWh
1111 Third Ave	Talon Portfolio Services	ATS Automation	HVAC Upgrades HVAC Controls Tenant Awareness	\$0.116/kWh

AUTHORIZATION FOR THREE-YEAR AGREEMENTS

- Signed Initial Two-Year Agreements
 - Establish baseline and performance periods
 - Start performance payments, reporting
- This legislation authorizes agreements for three-year incentive payment period
- Total expected incentive payments = \$1.23 million
- Plan to use 2013 conservation budget

ENERGY CONSERVATION AGREEMENT TERMS

- Each agreement: Boilerplate and Attachment
- Boilerplate
 - Standard language (indemnification, warranties, etc.)
 - Access to energy modeling tools and assumptions
 - Data access and collection
 - Three year payment period
- Attachment
 - Baseline and performance periods
 - Detailed reporting requirements
 - Incentive rate, planned measures and expected energy savings

NEXT STEPS

- Initial review of energy savings tools, baseline analysis
- Review of monthly reporting
- Hire evaluation consultant to assist in detailed review over course of pilot program
- Annual reports on anniversary of initial agreements
- Final evaluation, analysis and recommendations
October 2016



OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost, and reliable power.