Board Decision
Authorizing a Contract with OPOWER

February 3, 2010

Summary

Authorize the executive director to sign a $977,000 contract with OPOWER to demonstrate energy savings from providing reports to homeowners detailing home energy consumption.

Background

- OPOWER (formerly known as Positive Energy) delivers home energy reports to consumers comparing their home's energy consumption to similar neighbors' energy usage. Reports are sent an average of six times per year.
- Reports also provide recommendations for reducing energy usage. Recommendations are customizable to customer home size, location, and other pertinent demographic information.
- OPOWER's first effort was launched in April 2008. The approach is now used by 23 utilities in nine states. Third-party evaluations by Summit Blue, Yale and MIT find an average of 2% energy reduction for customers receiving reports.
- Energy Trust was first approached by OPOWER in 2008. In 2009, after reviewing favorable third-party evaluations of efforts in other states, we began in-depth discussions regarding the potential to deliver an effort in Energy Trust territory.

Discussion

- Staff proposes an 18-month contract with OPOWER to demonstrate savings from this approach. Even under conservative assumptions (i.e., that the project will reduce electric energy use by 2%, gas by 1%, and a one-year measure life), the project would make a significant contribution to achieving Energy Trust's energy savings goals.
- OPOWER would send reports for one year, probably beginning in July, 2010. Reports would go to 60,000 customers who use PGE electric and NW Natural gas. There is potential to expand the effort to PacifiCorp and Cascade Natural Gas in 2011, contingent on success of the demonstration. If expanded, the initiative would reach a total of 100,000 customers for all four utilities.
- Reports would be dual-fuel, showing customers gas and electric usage on one page. Reports would be co-branded with Energy Trust and utilities. OPOWER would send six reports per year.
- Energy Trust estimates energy savings of 229 kWh and 7 therms per customer (reductions of 2% electric and 1% gas). Total savings would be 13,740,000 kWh in PGE territory, and 420,000 therms in NW Natural.
- The contract would total $977,000. This includes six reports to 60,000 customers, set-up, integration and licensing fees, training fees for the Energy Trust call center, and printing and mailing of the reports.

- OPOWER would contract directly with each utility for customer energy usage data sharing, and with Energy Trust for data on customer participation in Energy Trust programs.
- The contract would obligate OPOWER to report energy savings achieved. After seeing OPOWER's report, Energy Trust will consider whether to do an independent evaluation of these results.
- Under the conservative assumptions (2% electric reduction, 1% gas, one-year measure life), the project would be cost-effective. The levelized cost per unit saved would be in the neighborhood of $0.049 per kWh and $0.42 per therm. While the electric cost would be above the OPUC levelized cost performance measure for electric efficiency ($0.035 per kilowatt-hour), OPUC performance measures apply to efficiency programs overall, not to individual measures. Once the demonstration is completed, we can evaluate actual costs in relation to the performance measure.

Recommendation

Authorize the executive director to sign a contract with OPOWER to expend up to $977,000 on a demonstration to document savings from providing homeowners with reports comparing their home energy use to other homes.

RESOLUTION 545

AUTHORIZING THE EXECUTIVE DIRECTOR TO SIGN A CONTRACT WITH OPOWER

WHEREAS:

1. **OPOWER provides home energy reports to consumers comparing their home's energy consumption to that of similar homes.**
2. **The approach is used by 23 utilities in nine states. Third-party evaluations attribute 2% average electric energy savings to the process.**
3. **At this savings rate, the project would be cost-effective, and would make a significant contribution to achieving Energy Trust's energy savings goals.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director to sign an eighteen month, $977,000 contract with OPOWER to document savings from providing homeowners with reports comparing their home energy use to other homes.

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]