

## FOR BOARD ACTION

Agenda Item # 8

Meeting Date:

12/20/11

**SUBJECT:**

Full implementation of OPOWER's Home Energy Reports

**PREPARED BY:**

Stephanie Humphrey, Residential Account Representative

ITEM DESCRIPTION:

In May 2010, we launched the Home Energy Reports as a two-year pilot program that sends out personalized energy reports to 25,000 randomly selected residential RPU customers. These reports use behavioral science and direct marketing techniques to engage residential customers and encourage them to reduce their energy consumption. We have achieved savings of 3,759,239 kWh in the first year and as of October 2011, we have achieved 1,568,370 of the anticipated 4,545,900 kWh in the second year through these reports. With the full implementation to our 41,000 residential customers, we expect savings in the neighborhood of 6,500,000 kWh.

We are proposing a one-year extension, an addendum to our existing contract, which is \$441,000 for 2012. This will leverage required CIP spending (part of our approved 2012 budget) by directly helping RPU, and our residential customers, meet our conservation goals. It also provides a platform for smart grid applications such as familiarizing customers with energy data and preparing customers for the higher granularity and timeliness of smart meters and the opportunities such data brings, such as time-of-use pricing.

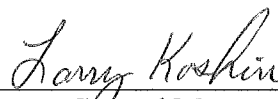
The addendum titled Additional Services/Change Order Form, along with Exhibit A-Payment Terms and Exhibit B-Statement of Work are included for the Board's review. The City Attorney has reviewed these documents.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

This addendum for \$441,000 has been included in our 2012 CIP spending, which is part of our already approved 2012 budget.

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the OPOWER Additional Services/Change Order Form, which is an addendum to the existing contract signed in December 2009, and request the Mayor and the City Clerk to execute the Agreement for OPOWER, Inc. not to exceed \$441,000 in 2012, subject to review by the City Attorney.

  
\_\_\_\_\_  
General Manager

12-15-11  
Date

**ROCHESTER PUBLIC UTILITIES**

Opower Additional Services/Change Order Form

**DRAFT**

PURCHASER INFORMATION			
Utility:	Rochester Public Utilities (" <u>Utility</u> ")	Contact:	Stephanie Humphrey
Address:	4000 East River Rd, Rochester MN 55906		
Tel:	507-280-1639	Fax:	Email: <a href="mailto:shumphrey@rpu.org">shumphrey@rpu.org</a>
Order Form Effective Date:	December 20, 2011		
Program Overview:	Opower will add data processing services to new Designated Customers for the Home Energy Reporting Program and extend the term of the same services to existing Designated Customers.		
Number of Additional Designated Customers:	Approximately 41,000 total, including approximately 16,000 new: all remaining customers in the Utility service territory, limited by eligibility and data availability.		
Total Fee:	\$441,000		
<b>Payment Terms.</b> The payment terms for this program are set forth on Exhibit A and are incorporated into the Agreement by reference.			
<b>Statement of Work.</b> The Services included in this Additional Services/Change Order Form (" <u>Order Form</u> ") are described in detail in the attached <u>Exhibit B</u> and incorporated into the Agreement by reference.			

This Order Form includes and incorporates the terms and conditions from the Implementation and License Agreement, dated as of November 24, 2009, between the Utility and OPOWER, Inc. ("Opower"), as amended and supplemented, together with all exhibits, schedules, addenda, and prior modifications thereto (the "Agreement"). The Agreement shall remain in full force and effect and shall govern, control, and contain the entire understanding between the parties with respect to the subject matter of the Agreement, except as otherwise modified herein.

IN WITNESS WHEREOF, Opower and the Utility have signed and executed this Order Form on the Effective Date by their authorized representatives, in duplicate.

**Rochester Public Utilities**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**OPOWER, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**ROCHESTER PUBLIC UTILITIES**

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
General Manager

**CITY OF ROCHESTER**

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Reviewed By:

\_\_\_\_\_  
City Attorney

# DRAFT

## Exhibit A Payment Terms

<u>Fee Type</u>	<u>Price</u>	<u>Units</u>	<u>Total</u>	<u>Explanation</u>	<u>Due Date</u>
(a) Data Processing Fee	\$5.00 per account	41,000	\$205,000	Enrollment in Data Analysis and Processing for Home Energy Reporting Program for 12 mos.	See payment schedule.
(b) Direct Mail Deliver Fee	\$5.00 per account	41,000	\$205,000	Send 6 (six) reports per account during the 12-month term.	See payment schedule.
(c) Addl Data Processing Fee for New Accounts	\$1 per account	16,000	\$16,000	Initial processing for new Designated Customers	See payment schedule
(d) Customer Data Refresh Fee	\$15,000	1	\$15,000	Data procurement and refresh.	See payment schedule

\*Print Management, Printing & Mailing: Fee calculation is based upon one-page double-sided 8.5" by 11" Home Energy Reports per year via USPS standard mail at current freight and postage prices. The fees set forth for printing and mailing shall be in effect from the date of contract signing and for a period of 12 months. Thereafter, OPOWER may increase by not more than an amount equal to the percentage increase of the USPS rate for Standard Mail Regular – Nonautomation AADC Local Entry rate, as defined in the USPS Domestic Mail Manual (currently \$0.265).

Additional Services may be subject to additional Fees as quoted by OPOWER.

All Fees are non-refundable except as expressly provided herein.

Payment Schedule

**DRAFT**

(Due Net-30 upon Rochester Public Utilities' receipt of invoice)

	<u>Final Change Order Execution</u>	<u>First Reports Sent ("FRS")- May 1, 2012</u>	<u>FRS + 3 months</u>	<u>FRS + 6 mos -Nov 1, 2012</u>	<u>FRS + 9 months</u>
Addl. Data Processing Fee for new accounts	\$16,000				
Customer Data Refresh Fee	\$15,000				
Data Processing Fee		\$205,000			
Direct Mail Delivery Fee		\$102,500		\$102,500	
<b>SUBTOTAL:</b>	<b>\$31,000</b>	<b>\$307,500</b>	<b>\$0</b>	<b>\$102,500</b>	<b>\$0</b>
<b>Year 1 TOTAL:</b>	<b>\$441,000</b>				

## Exhibit B Statement of Work

### Introduction

This Statement of Work ("**SOW**") is entered into pursuant to the Agreement (as defined on the cover page hereto), and defines the engagement for the development and implementation of the data processing program expansion. This SOW is contractually binding on Opower and Utility under the terms and conditions of the Agreement and is incorporated into the Agreement by reference.

### Program expansion summary

This SOW intends to expand the Data Processing and Home Energy Reporting program established by the Agreement. The goals of this program expansion are to reach additional customers and generate substantial, cost-effective electric savings.

Number of additional Designated Customers: 16,000, to include all remaining customers in the Utility service territory, as limited by eligibility and data availability.

### Program expansion schedule

The Program expansion is expected to take 9 weeks to launch. Opower will work closely with Utility to establish firm dates to replace approximations by the time of the expansion kickoff.

<b>9 - Week Program Expansion Timeline</b>										
Project Start Date: Expansion Kickoff	Week #:	1	2	3	4	5	6	7	8	9
<b>Program Expansion Assumptions:</b> - No new Client or Reference (3rd party) data is required. Opower is currently receiving Client's comprehensive, automated, iterative data files - No changes are required to Consumer Marketing Program materials including Home Energy Reports' content and branding, the Website & FAQs - Client delivers all materials according to Opower specifications, within timelines indicated below		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
<b>Phase 1: Finalize Data, Marketing Materials, and Program Scope</b>										
1.1	Confirm Receipt of Utility Client Data Files and Reference Data Files	Opower, Client								
1.2	Confirm No Changes to Marketing Materials and Print Marketing Collateral	Opower, Client								
1.3	Define Program Scope and Customer Recipients	Opower, Client								
<b>Phase 2: Perform Quality Assurance</b>										
2.1	Conduct QA Testing	Opower								
<b>Phase 3: Go Live!</b>										
3.1	Generate, Print and Mail Reports to Customers	Opower								
3.3	Deploy Customer Facing Website to Production	Opower								
3.4	Reports Hit Customer Mailboxes	Opower								

### Assumptions

In addition to any assumptions noted above, the program expansion schedule assumes:

- New Designated Customers' initial Home Energy Report will include an accompanying Welcome Insert



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an addendum to the Agreement for OPOWER, Inc. for a one year period in 2012 not to exceed \$441,000.00, subject to review by the City Attorney, and request that the Mayor and City Clerk execute the Agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 20th day of December, 2011.

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President

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Secretary