

## FOR BOARD ACTION

Agenda Item # 6

Meeting Date:

4/30/13

**SUBJECT:**

Extension of the Opower agreement for the Home Energy Reports

**PREPARED BY:**

Stephanie Humphrey, Residential Account Representative

ITEM DESCRIPTION:

From May 2010 to April 2012, Opower's Home Energy Reports have saved RPU customers a total of 7,039,417 in kWh savings at an average cost of \$0.10 per kWh saved.

Because this is a very cost effective conservation improvement program (CIP), in May 2012, we extended our existing contract to include a full implementation of Opower's Home Energy Reports to approximately 40,000 RPU customers. The extension ran from May 2012 – April 2013. While we have not received final numbers yet from Opower, they have estimated our savings to be approximately 7,605,000 in kWh.

To keep the momentum going with all of our eligible customers, we are proposing another one-year extension to our existing contract, which is for \$388,333. This will continue to leverage our required CIP spending (part of our approved 2013 budget) and directly helps our residential customers meet our conservation goals.

The Opower Change Order along with Exhibit A – Payment Terms and Exhibit B – Change Order are included for the Board's review. The City Attorney has reviewed these documents.

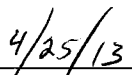
FOR CAPITAL PURCHASE/BIDS/MAJOR PROJECTS:

This extension request for \$388,333 was included in our 2013 CIP spending which is part of our already approved 2013 budget.

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the Opower Change Order, which is an extension 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 \$388,333 in 2013.

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

  
\_\_\_\_\_  
Date

**ROCHESTER PUBLIC UTILITIES**

## Opower Change Order

<b>LICENSEE INFORMATION</b>			
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>
Change Order Effective Date:	April __, 2013		
Program Overview:	a) Extension of the current program as described in Exhibit B  b) Opower will add up to 7,000 Designated Households to the Program to bring total enrollment of the Program to up to 40,000 Designated Customers.  Extension term: May 1, 2013 – April 30, 2014		
Targeted Number of Customers:	40,000		
Total Fee:	\$388,333		
<b>Payment Terms.</b> The payment terms for the services described in this Change Order are set forth on <a href="#">Exhibit A</a> attached hereto and incorporated herein by reference.			
<b>Statement of Work.</b> The changes to be made pursuant to this Change Order are described in detail in <a href="#">Exhibit B</a> attached hereto and incorporated herein by reference			

This Change Order modifies the Implementation and License Agreement, dated as of November 24, 2009, between Utility and OPOWER, Inc. ("Opower"), as amended and supplemented, together with all exhibits, schedules and addenda thereto (the "Agreement"). The Agreement, as supplemented and modified hereby, 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.

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

**OPOWER, INC.**

**ROCHESTER PUBLIC UTILITIES**

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

*1.1.1.1.1.1 [RPU to add any additional required City signatories]*

**Exhibit A**  
**Payment Terms**

Utility shall pay Opower according to the payment schedule set forth below. Opower will invoice Utility for each payment set forth in the table below at least 30 days prior to each Payment Due Date set forth in the table below (except with respect for the payment due upon Board Approval, which shall be invoiced promptly after Board Approval). Utility will pay each such invoice on or before the applicable Payment Due Date.

**12 Month Program Extension Payment Schedule – 33,000 Designated Customers**

Confidential- Property of Opower

May 2013-April 2014		Payment Due Dates				Year 1 Total
		Upon Board Approval	Aug. 1, 2013	Nov. 1, 2013	Feb. 1, 2014	
	Data Processing Fee	\$178,000				
	Direct Mail Delivery Fee	\$38,000	\$38,000	\$38,000	\$38,000	
	<b>Total</b>	<b>\$216,000</b>	<b>\$38,000</b>	<b>\$38,000</b>	<b>\$38,000</b>	<b>\$330,000</b>

<b>Grand Total:</b>	<b>\$330,000</b>
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**12 Month Program Expansion – 7,000 Designated Customers**

Confidential – Property of Opower

July 2013-April 2014		Payment Due Dates				Year 1 Total
		Upon Board Approval	Jul. 1, 2013	Oct. 1, 2013	Jan. 1, 2014	
	Data Processing Fee	\$34,333				
	Direct Mail Delivery Fee		\$8,000	\$8,000	\$8,000	
	<b>Total</b>	<b>\$34,333</b>	<b>\$8,000</b>	<b>\$8,000</b>	<b>\$8,000</b>	<b>\$58,333</b>

<b>Grand Total:</b>	<b>\$58,333</b>
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**Payment notes:**

**Print Management, Printing & Mailing:** Fee calculation for Print Management, Printing & Mailing is based upon one-page double-sided 8.5" by 11" Home Energy Reports delivered via USPS first class mail at applicable freight and postage prices. Opower may increase the fees by not more than an amount equal to any rate increase attributable to a change of mail classification by USPS and/or the percentage increase of the USPS rate at the applicable mail classification.

Additional services may be subject to additional Fees as quoted by Opower.

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

**Termination for Lack of Board Approval:**

The parties acknowledge that the Rochester Public Utility Board (the "*Board*") is required to approve the continuation of the Opower program as set forth herein. Utility anticipates this matter will be presented to Board in late-April 2013. In the event that the Board does not provide such approval prior to May 5, 2013, then Utility may terminate this agreement upon prior written notice to Opower, and all amounts due and payable after such termination (including the payment in the column titled "Upon Board Approval") shall not be payable. All amounts due and payable prior to such termination shall remain due and payable.

## Exhibit B

### Change Order

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#### 1. Introduction

This Change Order ("**Change Order**") is entered into pursuant to the Agreement (as defined on the cover page hereto). Capitalized terms used but not defined in this Change Order shall have the respective meanings assigned thereto in the Agreement.

#### 2. Program Extension Details

##### a) Extension of Current Program

Opower and Utility agree to extend the term for the provision of the Opower Home Energy Reporting Program (including the Energy Insider Website, the Customer Service Portal, Program Reports, and Printed Home Energy Reports), as described in the Agreement and the Statement of Work issued thereunder (dated as of November 24, 2009) for a period of 12 additional months.

Specifically, Opower shall continue to provide the Opower Energy Reporting System Suite for up to 33,000 Designated Households with a targeted start date of May 1, 2013, for a period of 12 additional months, through to April 30, 2014. Such Designated Households will be sent an average of 6 Home Energy Reports (HERs) and will be provided access to the Energy Insider Website during this term.

##### b) Household Expansion

The total number of Designated Households described in the Agreement shall be amended to add up to 7,000 Designated Customers to the program, with a targeted start date of July 2013 and the provision of services to such Designated Customers shall continue through April 2014, to bring total enrollment of the program to up to 40,000 Designated Customers. These Designated Customers will be sent an average of 5 Home Energy Reports (HERs) for the duration of the program and such Designated Customers' initial Home Energy Report will include an accompanying standard Welcome Insert.

##### c) Total Designated Households and Agreement Term

Taking into account the increase in Designated Customers pursuant to this SOW, the total number of Designated Customers targeted to be included in the Home Energy Reporting Program from May 2013 to April 2014 shall be up to 40,000.

The term of the Agreement will also be extended by 12 months (to April 2014), unless the Agreement is earlier terminated in accordance with the Agreement.

### 3. Program expansion schedule

Opower anticipates the Program expansion described in Section 2(b) will take 9 weeks to deploy. The total time required to deploy the expansion will depend on whether additional time is required for Utility to complete additional tasks (such as independent user acceptance testing), and whether more than one approval party is required. Opower will work closely with Utility to establish firm dates to replace approximations by the time of the expansion kickoff. The program expansion activities and schedule set forth below assumes that Utility will assign technologically-qualified professionals with knowledge of Utility's billing and other related systems to conduct the work required in support of the Program.

#### 9 - Week Program Expansion Timeline

**Project Start Date: Expansion Kickoff**

**Program Expansion Assumptions:**

- No new Client or Reference (3rd party ) data is required.
- OPOWER is currently receiving Client's comprehensive, automated, iterative data files
- No updates to report or website templates are required. Tip library updates complete within 2 weeks
- Client delivers all materials according to OPOWER specifications, within timelines indicated below

Week #: 1 2 3 4 5 6 7 8 9

		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	Modify Tip Library to Account for Neighbor Islands and EE Program Updates	OPOWER, Client								
1.3	Confirm No Changes to Marketing Materials and Print Marketing Collateral									
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								



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Opower Change Order, along with Exhibit A and Exhibit B between OPOWER, Inc. and the City of Rochester acting through its Public Utility Board, and request the Mayor and the City Clerk to execute the addendum for

Extension of the OPOWER, Inc. Agreement for the Home Energy Reports

The amount of the purchase order agreement not to exceed \$388,333 in 2013.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of April, 2013.

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President

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Secretary