Pay-for-Performance Design
Business Energy Pro Pilot

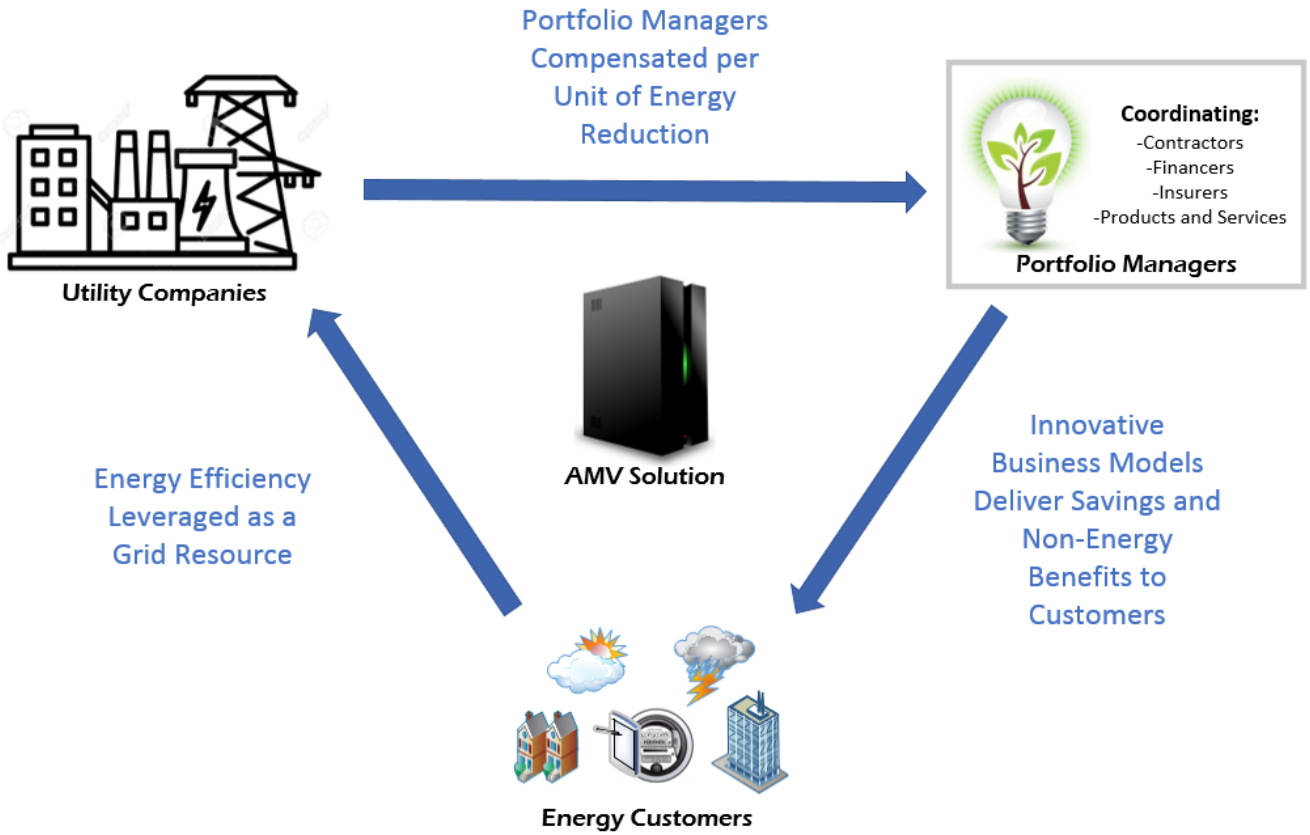
AESP MARCh Event
September 12, 2019

What is Pay-for-Performance?

Pay for Performance (P4P) is an approach to procuring energy efficiency savings that invests in ***measured savings*** at the ***portfolio level*** using a market-based program design.

- ✓ Performance-based: only paying for savings that can be measured at the meter by leveraging AMI data
- ✓ Provide flexibility for marketplace to incorporate comprehensive & customized measures
- ✓ Share data to improve customer acquisition & cost effectiveness
- ✓ Aiming to accomplish deeper savings beyond the low-hanging fruit
- ✓ Encourage financing options that lead to increased customer adoption

Pay-for-Performance Value Life Cycle



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Benefits of AM&V

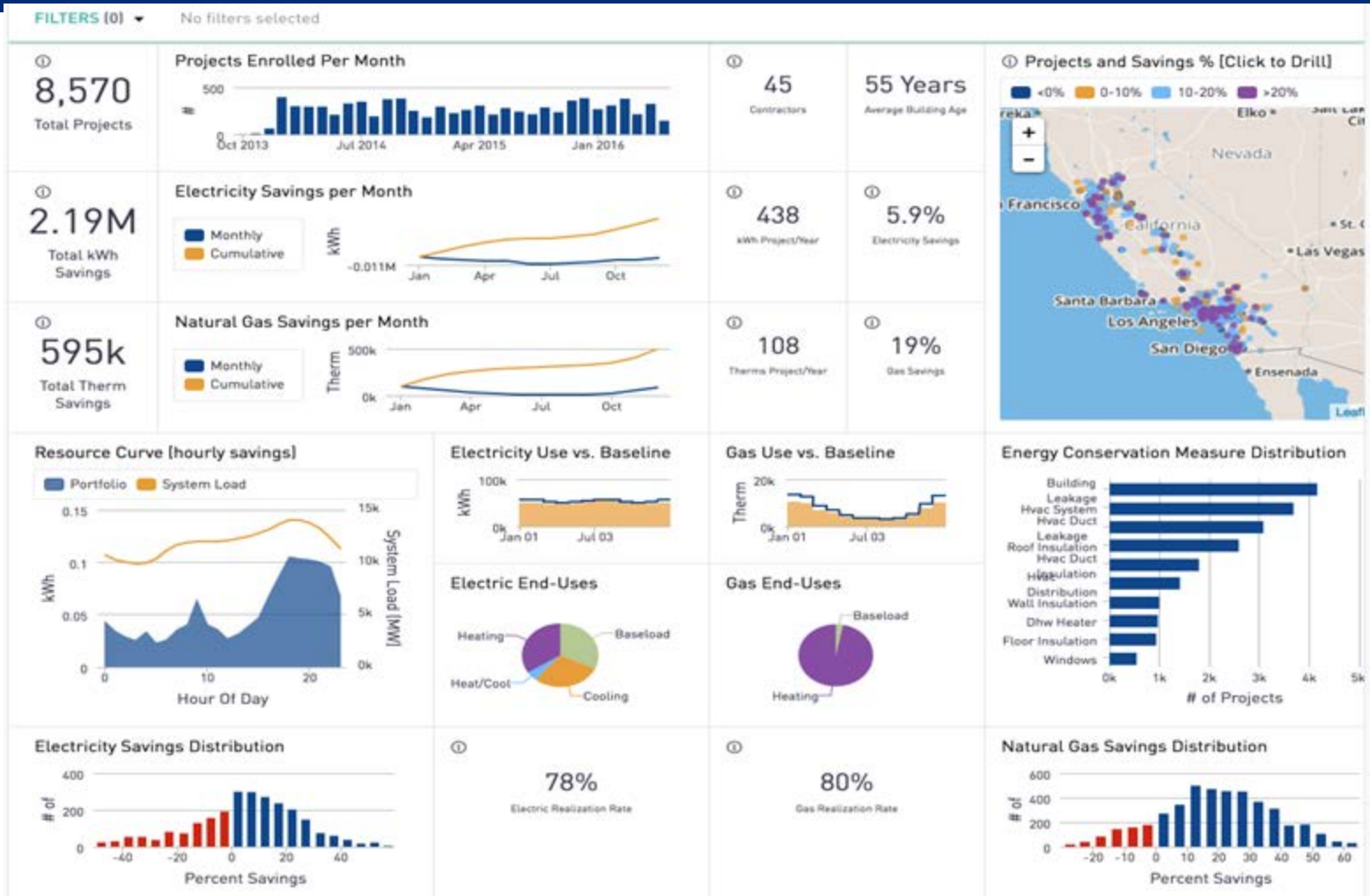
1. Automated analytics provide ongoing, near-real time savings estimates
2. AMI data provides increased data granularity for improved analytics
3. Provides reliable savings information for programs on an actionable timeline
4. Meter-based savings data that can be used to justify cost recovery/earnings mechanisms

CALTRACK

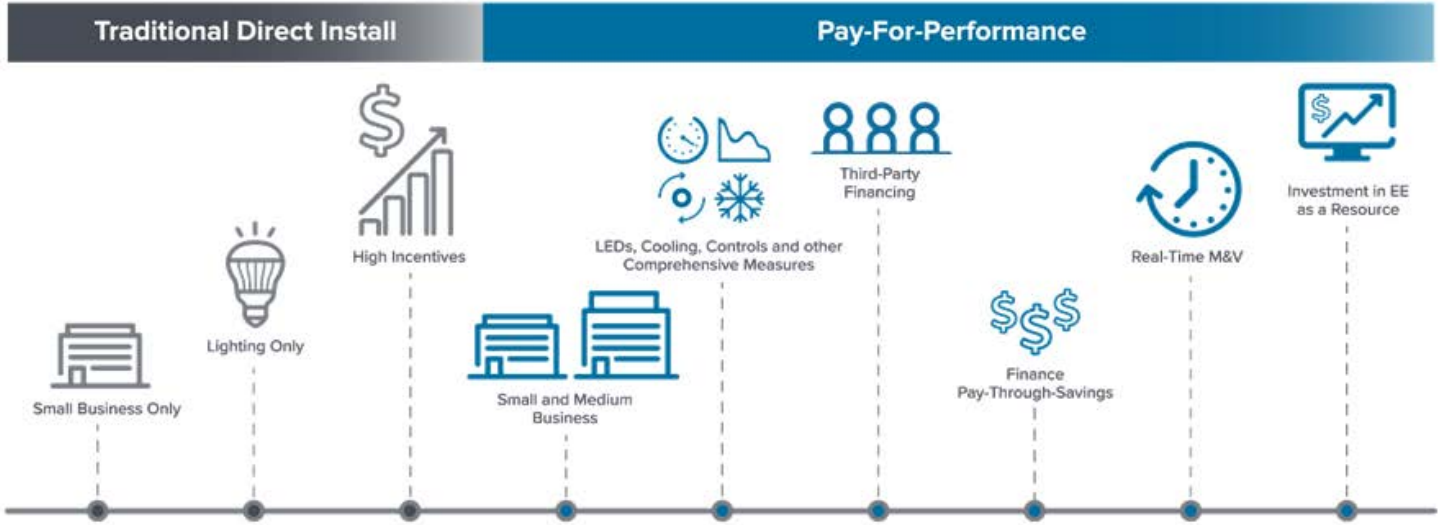
RECURVE

Green Button Download My Data ®

Recurve Platform



Pay for Performance Evolution



- Implementers are compensated per deemed savings based on TRM
- Prescriptive measures
- Single engagement
- Realized savings unknown until program evaluation

- Implementers are compensated by actual savings based on normalized data
- Comprehensive measures, not limited to TRM
- Longer payment period to incentivize longer customer relationships
- Advanced measurement & verification

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Project Package Requirements

- Multi-measure (bids need to go beyond lighting and lighting controls)
- Reduce baseline electric and/or gas consumption by at least 5% at the meter
- Provide statistical confidence in portfolio results (sufficient number of projects and depth of savings)
- No renewables or energy distortion activities

LIGHTING

REFRIGERATION

HEATING/COOLING

WINDOW/DOOR

Behavioral

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Pay for Performance Advantages

Smart Data Accuracy and Reliability

Develop customized project packages for small business customers

Long Term Customer Relationships

Market Flexibility in EE resource

Minimize utility administrative costs

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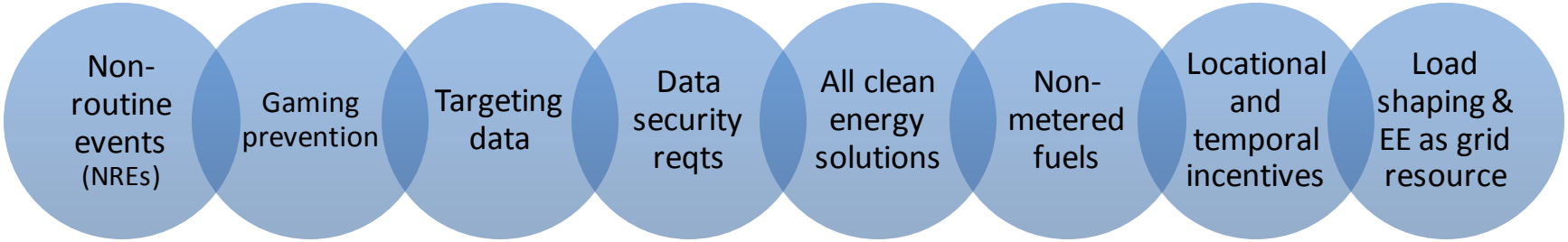
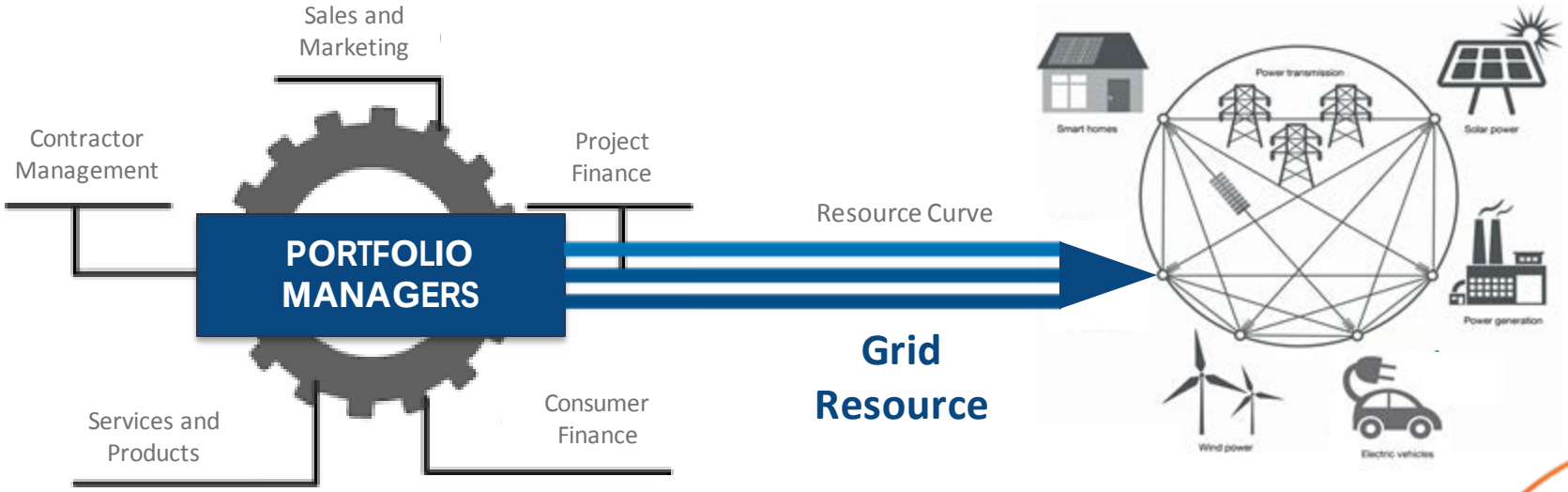
Evolving & Future Design Elements





Business Models

Thank you!

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