

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve additional funding for a Memorandum of Understanding to continue working with General Pacific Inc. for the sale of discounted heat pump water heaters to EWEB customers.

Board Meeting Date: 1/7/2020

Project Name/Contract #: Heat Pump Water Heater Promotion through General Pacific, Inc. /19-179-MOU

Primary Contact: Julie McGaughey Ext.7066

Contract Amount:

Original Contract Amount: \$150,000 until December 31, 2020

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$250,000

Resulting Cumulative Total: \$400,000 through Dec 31, 2020

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Sole Source

Term of Agreement: **November 19, 2019 – December 31, 2020**

Option to Renew? Yes

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

Heat pump water heaters (HPWH) can bring up to 50% energy savings in water heating costs. This aligns with EWEB's Strategic Plan to "Foster Customer Confidence" and "Create Consumption Flexibility" by helping our customers reduce their energy burden and provide them with a cost-effective, accessible and efficient option to reduce their energy consumption. HPWH are also a way to reduce peak by needing less power while in heat pump mode. This can help with future capacity issues and the potential need of high-cost and carbon-intensive off-peak sources, which is in alignment with EWEB's Strategic Plan on "Resilient Delivery".

The Board is being asked to approve an amendment to a Memo of Understanding that will allow EWEB to continue working with Northwest distributor, General Pacific Inc. (GP) in partnership with both, a heat pump water heater manufacturer, Rheem and the Northwest Energy Efficiency Alliance (NEEA). This program provides HPWH at a reduced cost to EWEB customers, including a base model for \$225.00 (regular price is \$1,289). If approved, the contract agreement could provide HPWH units to up to 500 customers.

Contracted Goods or Services

Through this partnership, qualified EWEB electric customers are able to directly purchase a discounted HPWH through the online GP EWEB store (www.gpconservation.com/eweb/). GP offers these discounted HPWH units directly to our customers without the need for each participant to submit an EWEB rebate (currently \$800) application. Once a customer purchase is initiated, EWEB verifies qualification and notifies GP of approval or denial of participation. GP invoices EWEB on a monthly basis for the total approved rebates. This effort is a component of our current energy efficiency measures, which are funded through EWEB's existing Energy Conservation budget. HPWH units purchased through this promotion qualify for Bonneville Power Administration energy efficiency reimbursement under the "Retail (Utility Run)" measure. Below are the various HPWH options for customers to purchase through this promotion:

HPWH Model	Delivered Price through 12/31/19	Delivered Price AFTER 12/31/19
Rheem PROPH50 T2 RH350 DCB	\$225.00	\$325.00
Rheem PROPH65 T2 RH350 DCB	\$565.00	\$665.00
Rheem PROPH80 T2 RH350 DCB	\$885.00	\$985.00
Rheem PROH50 T2 RH350BM	\$125.00	\$225.00
Rheem PROH65 T2 RH350BM	\$475.00	\$575.00
Rheem PROH80 T2 RH350BM	\$795.00	\$895.00

Prior Contract Activities

This is the first time GP and EWEB are working on this promotion. GP and EWEB have had conversations in the past on a similar effort, but at that time the reduction in price was much less and it did not clearly offer a benefit to our customers in comparison to buying a HPWH at a local retailer.

The current partnership with GP offering HPWH units to our customers began on November 22, 2019. As of the end of December 2019, over 150 qualified EWEB customers have participated in this promotion. In contrast, EWEB’s HPWH program has an average participation of 55 projects per year. The agreed verification and invoicing process between EWEB and GP has consistently meet all expectations and requirements by both parties.

Purchasing Process

In 2019 Q3, GP in partnership with Rheem and NEEA approached EWEB on an effort to provide Rheem HPWH at a reduced cost to EWEB customers. The partnership with GP is considered sole-source and findings are on file to support an exemption from solicitation. This type of partnership is open to any distributor and/or manufacturer that would like to offer additional savings to our customers for energy efficient products.

Bidder/Proposer Information

General Pacific Inc.

Bidder/Proposer Location

Fairview, Oregon

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve an amendment to increase spending for a Memorandum of Understanding to continue working with General Pacific Inc. for the sale of discounted heat pump water heaters to EWEB customers. Funds for this project are budgeted in 2020 through EWEB’s energy conservation budget of \$2,655,000. Variances will be managed within the budget process and Board policy.