



RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

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**DATE:** August 28, 2024

**SUBJECT:** Optional Year of Agreement No. 47795 with EnergyHub, Inc. for Power Savers Program Platform and Data Services

**SUMMARY**

The purpose of exercising the optional year of Agreement No. 47795 with EnergyHub, Inc. for Power Savers Program is to continue providing LADWP with the required services to offer the Power Savers Program (PSP).

The PSP provides residential customers with the opportunity to reduce their energy usage during peak demand period through a bring-your-own-thermostat (BYOT) Demand Response (DR) approach, while in parallel, LADWP continues to work with Supply Chain Services on a comprehensive DR Request for Proposals (RFP). LADWP staff made a commitment to the Board of Water and Power Commissioners (Board) to obtain the approval to exercise the optional year of the agreement. Exercising the optional year of Agreement No. 47795 will ensure the continuation and seamless transition of program data from over 44,624 participating customers to the successful vendor from the replacement RFP, while maintaining satisfaction of these customers.

City Council approval is not required.

**RECOMMENDATION**

It is recommended that the Board adopt the attached Resolution authorizing execution of the contract.

## **ALTERNATIVES CONSIDERED**

LADWP also considered halting PSP offerings until a contract from the upcoming DR RFP is in place. With this approach, LADWP cannot create a seamless transition from this contract vendor to the RFP vendor. Furthermore, severing the relationship with EnergyHub, Inc. will require LADWP to re-enroll over 44,624 customers through additional marketing, incentives, and labor hours. Over \$22.6 million was spent on EnergyHub, Inc.'s enrollment support between 2020 and 2024 and the traction gained from that effort will likely be wasted if this extension is not approved. Additionally, this approach will lead to confusion for customers and will negatively impact customer satisfaction because enrolled customers will be on hiatus for at least one year before PSP is in operation again.

## **FINANCIAL INFORMATION**

Funds for this Agreement are budgeted. No additional budget to exercise this optional year is required.

The Board approved an initial not-to-exceed budget of \$19.1 million for year one and optional year. The program has spent approximately \$6.6 million, which breaks down to \$4.4 million for incentives to the participants and \$2.2 million for the contract. The contract still has a remaining budget of \$12.5 million for this first contract year and for the optional year.

## **BACKGROUND**

DR is an important energy management tool for LADWP and facilitates the shifting in customers' energy use over a given time period, usually during a system peak period, in response to financial incentives or other triggering mechanisms. The key objective of DR for LADWP is to support the integration of renewable resources by reducing the system peak during the late afternoon and evening. After the sun sets, LADWP will ramp up fossil-fueled generation units to maintain the reliability in the system. During these periods in the summer, Energy Control Center (ECC) will dispatch DR resources, as needed, to balance the load and generation, and forgo the use of fossil-fueled generation resources.

Starting 2020, LADWP has offered PSP to residential customers with eligible thermostats, through the BYOT approach. Since then, the participation in the program had grown steadily. The PSP reopened enrollment on December 11, 2023. At that time, the program had a total of 41,411 thermostats in the program. The program has surpassed its enrollment goal of 12,000 new enrollments and enrolled 14,807 thermostats since the program reopened. The program has helped LADWP save 214 MWh across three events with a capacity of 37 MW in July 2024.

Thermostat manufacturers recommend a 4 to 6 week overlap between incumbent contract and the new one to ensure a smooth transition of program data. Currently, staff

is actively working with LADWP Supply Chain Services and other LADWP stakeholders to review and evaluate the 14 proposals, which were received on June 25, 2024, for the DR RFP. Afterwards, LADWP will negotiate the respective contract(s) and deliver them to the Board for final approval. After the contract(s) from the DR RFP are awarded, PSP will be transferred to one of those successful vendors.

### **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the purchase of Smart Thermostats is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have any negative significant effect on the environment.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

### **ATTACHMENTS**

- Resolution
- Agreement