

# Criteria and Scoring Proposal

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# Overview of Presentation

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- Overview of project evaluation process
- Suggested threshold evaluation factors
- Suggested criteria and weights used to evaluate projects
- Suggested criteria used to evaluate overall portfolio
- Hypothetical example
- Key decisions facing Committee

City and  
Public  
Propose  
Projects

# Evaluation Process

Threshold Test



Initial Projects List

Project Scoring



Initial Portfolio

Portfolio  
Screening



Final Portfolio

# Threshold Test

## Each Project Must Meet All Requirements:

- Meets DOE EECBG requirements
- Consistent with City goals for energy and climate change
- At least \$250,000
- Can be carried out by a vendor meeting City contracting requirements
- Can be administered by the City

# Project Scoring

## Suggested Criteria:

- Financial and Cost-Effectiveness
- Environmental Impact
- Project Viability and Performance
- Sustainability of Benefits
- Equity
- Local Job Creation and Retention
- Leverage Funds

The scores for each criterion are averaged together (with equal weights) to develop project score.

# Project Scoring: Financial and Cost-Effectiveness

- Key factors affecting score for this criteria
  - Cost of energy savings (or generation) (20%)
  - Cost of expected peak demand reduction (20%)
  - Indicative cost effectiveness for City (20%)
  - Indicative net benefits to City (20%)
  - Indicative net benefits to participants (20%)
- All factors weighted evenly

# Project Scoring: Environmental Impact

- Key factors affecting score for this criteria
  - Reduction in City's GHG footprint (35%)
  - Reduction in usage of fossil fuels (35%)
  - Reduce solid waste (10%)
  - Reduce water usage (10%)
  - Reuse existing sites (where applicable) (10%)
- First two factors should receive higher weights than other three

# Project Scoring: Project Viability and Performance

- Key factors affecting score for this criteria
  - Developer/proposer experience with proposed project (35%)
  - Willingness to post performance bond (15%)
  - Low risk of failure (10%)
  - Low risk of benefits disappearing (10%)
  - Low risk of delay (10%)
  - Proven technology (10%)
  - Easy to demonstrate performance (10%)
- First two factors should receive higher weights than other three

# Project Scoring: Sustainability of Benefits

- Key factors affecting score for this criteria
  - Creates permanent jobs (33.33%)
  - Provides energy benefits for at least X years (X = 10?) (33.33%)
  - Provides educational benefits to the population (e.g., creates public awareness of need to save energy) (33.33%)
- All factors weighted evenly

# Project Scoring: Equity

- Key factors affecting score for this criteria
  - Provides broad public benefits to citizens of City, non-profits, and City government (33.33%)
  - Meet City goals for MBE/WBE/DVBE (33.33%)
  - Provides services to hard-to-reach citizens (33.33%)
- All factors weighted evenly

# Project Scoring: Local Job Creation and Retention

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- Key factors affecting score for this criteria
  - Local businesses and non-profits provide services (50%)
  - Creates jobs within the City (50%)
- All factors weighted evenly

# Project Scoring: Leverage Funds

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- Key factor affecting score for this criteria
  - Does project utilize outside funding sources?

# Portfolio Screening

## Suggested Criteria:

- Some percentage of funds allocated to City-proposed projects
- Limit total number of projects (<10?)
- Diverse set of projects: conservation, energy efficiency, renewable energy, and information/education
- Some projects should be highly visible and demonstrate City's leadership
- Geographic diversity

# Hypothetical Evaluation

- Assumptions
  - City proposes 5 projects
    - Street Light Retrofit
    - Building Shell Improvements for low-income residential
    - Energy Audits for Low Income Homeowners
    - PV on library
    - City Energy Management System
  - City receives 5 proposals for 3<sup>rd</sup> party projects
    - Appliance rebates for low-income citizens
    - Youth Energy Awareness program
    - Small commercial demand response coalition
    - Combined Heat and Power in hotels
    - Swimming pool pump timer program
  - All projects pass initial threshold tests

# Evaluation of Single Project

	Weight	Score (1,3,5)	Gross Score for Criteria
1. Financial and Cost-Effectiveness			2.6
a. <u>Cost of energy savings (or generation)</u>	20%	3	
b. Cost of expected peak demand reduction	20%	3	
c. Indicative cost effectiveness for City	20%	1	
d. Indicative net benefits to City	20%	1	
e. Indicative net benefits to participants	20%	5	
2. Environmental			2.8
a. Reduction in City's GHG footprint	35%	3	
b. Reduction in usage of fossil fuels	35%	3	
c. Reduce solid waste	10%	1	
d. Reduce water usage	10%	1	
e. Reuse existing sites (where applicable)	10%	5	
3. Project Viability and Performance			4.1
a. Developer/proposer experience with proposed project	35%	5	
b. Willingness to post performance bond	15%	3	
c. Low risk of failure	10%	3	
d. Low risk of benefits disappearing	10%	3	
e. Low risk of delay	10%	3	
f. Proven technology	10%	5	
g. Easy to demonstrate performance	10%	5	

# Evaluation of Single Project (cont.)

Criterion	Score	Weight
1. Financial and Cost-Effectiveness	2.6	14.3%
2. Environmental Impact	2.8	14.3%
3. Project Viability and Performance	4.1	14.3%
4. Sustainability of Benefits	3.6	14.3%
5. Equity	1.7	14.3%
6. Local Job Creation and Retention	4.0	14.3%
7. Leverage Funds	3.0	14.3%
<b>Weighted Average</b>	<b>3.1</b>	

# Evaluation of “City” Projects

Criterion	Weight	Scores for Each Project				
		PV on Library	Low -Inc. EE	Low -Inc. Aud.	Street light Retr.	City Energy Mgmt. System
1. Financial and Cost-Eff.	14.3%	2	5	3	4	3
2. Environmental Impact	14.3%	3	4	3	4	3
3. Project Viability and Perf.	14.3%	5	5	2	5	3
4. Sustainability of Benefits	14.3%	4	2	4	3	4
5. Equity	14.3%	3	3	4	4	2
6. Local Job Creation/Ret.	14.3%	5	5	5	3	4
7. Leverage Funds	14.3%	3	2	4	5	1
Weighted Score		4	4	4	4	3
Project Rank		4	2	3	1	5

# Evaluation of “City” Projects

Projects, Ranked	Score	Type	EECBG Funds
1. Street Light Retrofit	4	Cons.	\$2.5 M
2. Building Shell Improvements	4	Cons.	\$5.0 M
3. Energy Audits	4	Educ.	\$750,000
4. PV on Library	4	Ren.	\$4.0 M
5. City Energy Management System	3	Cons.	\$2.5 M

# Evaluation of “Public” Projects

Projects, Ranked	Score	Type	EECBG Funds
1. Appliance Rebates	4	Cons.	\$5.0 M
2. Youth Energy Awareness Program	3	Educ.	\$500,000
3. Small Commercial demand response	3	Demand Response	\$2.5 M
4. CHP in Hotels	3	Renew.	\$4.0 M
5. Swimming pool pump timer program	2	Demand Response	\$1.0 M

# Initial Portfolio

Included?	City Project	Score	Type	EECBG Funds
yes	1. Street Light Retrofit	4	Cons.	\$2.5 M
yes	2. Building Shell Improvements	4	Cons.	\$5.0 M
yes	3. Energy Audits	4	Educ.	\$750,000
	4. PV on Library	4	Ren.	\$4.0 M
	5. City Energy Management System	3	Cons.	\$2.5 M

Included?	Public Project	Score	Type	EECBG Funds
yes	1. Appliance Rebates	4	Cons.	\$5.0 M
	2. Youth Energy Awareness	3	Educ.	\$500,000
	3. Small Commercial dem. response	3	DR	\$2.5 M
	4. CHP in Hotels	3	Renew.	\$4.0 M
	5. Swimming pool pump timer	2	DR	\$1.0 M

# Does initial portfolio “work”?

- Potential Issues with Initial Portfolio
  - Highest ranked “Public” project larger than funds allocated (\$5 million is greater than 20% of total funds)
  - No “highly visible” projects
  - No renewable energy or demand response projects
  - No pilot programs
  - Limited geographic diversity
  - Appliance rebate program and building shell improvements both target low-income customers
  - Only small cost savings for General Fund
- If the initial portfolio is unacceptable, alternate portfolio(s) can be developed to better meet goals

# Decisions facing Committee

- What are the appropriate thresholds for acceptable projects?
- What criteria and metrics should be used to select projects?
- What weights should be assigned to each criterion and each metric?
- What criteria and weights should be used to select portfolio?
- Should there be set-asides for certain types of projects?
  - e.g., City-proposed projects, renewable energy projects, pilot projects, demand response projects