



PILOT PROJECTS GOVERNANCE BOARD

Meeting No. 16
September 16, 2021

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street, N.W., Suite 800
Washington, D.C. 20005

Re: The Investigation into Modernizing the Energy Delivery System for Increased Sustainability, GD-2020-02-M

Dear Ms. Westbrook-Sedgwick,

Attached please find the Pilot Projects Governance Board's September 2021 meeting minutes. As reflected in the minutes, the Board conducted an email vote to approve: (1) the draft general scoring criteria for the pilot projects, and (2) the draft scope of work for the District Heat Pump pilot project that is to be included in the request for proposals. On September 24, 2021, the Board voted in favor of the draft items and, accordingly, they are being docketed as attachments to these minutes for staff's consideration. Should you have any questions regarding this filing, please contact me directly.

Best Regards,

/s/ Anjali G. Patel

Anjali G. Patel
Pilot Projects Governance Board Secretary



Pilot Project Governance Board

Meeting No. 16

September 16, 2021

Meeting Minutes
(DRAFT)

Commission Facilitator called the Meeting to Order at 3:12.

I. List of Attendees:

Board Member Organizations in Attendance (Quorum present)

- Solar United Neighbors of DC – ***Absent***
- DC Chapter of the Sierra Club – ***Present***
- DC Consumer Utility Board (“DC CUB”) – ***Present***
- Office of the People’s Counsel for the District of Columbia (“OPC”) – ***Present***
- Chesapeake Solar and Storage Association (“CHESSA,” formerly Maryland-DC-Delaware-Virginia Solar Energy Industries Association (“MDV-SEIA”)) – ***Absent***
- District Department of Energy and Environment (DOEE) – ***Present***
- Greater Washington Urban League (“GWUL”) – ***Absent***
- Apartment and Office Building Association of Metropolitan Washington (“AOBA”) – ***Absent***
- Commission Staff – ***Present***

II. General Business

Purpose of the meeting was to discuss the scoring criteria for the RFPs and the District Heating Scope of Work.

III. July 22, 2021 Meeting

- **Scope of Work: District Heat Pump**

*The Board members discussed implementing a two phase RFP process with Phase I addressing the technical aspects of the proposal and Phase II including only the shortlisted candidates and addressing the financial aspects of the proposal (e.g. budget and financing). The RFP will include information on the entire process. The Board will need to review the general RFP to make sure it addresses this change. The General RFP will also need to make clear that fund disbursement will be based on completing particular deliverables.

*Board Members reviewed PSC staff’s comments on the SOW.

*The Board Chair will revise the draft and circulate to the rest of the Board for their comments, and a vote will occur over email on this SOW next Thursday and Friday (September 23 and 24).

- **Budget Analysis**

*The Board members discussed the MEDSIS subaccount balance, the potential budget ranges for the projects, and whether to keep a contingency reserve.

- **Scoring Criteria**

*The Board members discussed the draft scoring criteria. Committee members will provide edits within the next few days and similar to SOW, will vote over email.

VI. Next steps

The Board will continue to review the scopes of work and the general RFP.

VI. Adjournment

Commission Chair adjourned the meeting at 5:00.

Category	Criteria	Description
Initial Screening Analysis		
Administrative	RFP submission meets the RFP requirements	Proposed project was submitted on time and includes all required components of the RFP . Failure to include the required components results in automatic disqualification.
	TRL Assessment	The proposal demonstrates that it achieves a technology readiness level of 5 or above (if scoring 8 or less then a risk mitigation plan must be included and is scored separately under the risk mitigation section). A TRL score of less than 5 results in automatic disqualification
Administrative Requirements Met? Yes- Proceed to Step 1, No- the Project is disqualified		
Stage 1 Scoring - Technical Requirements		
Project Description and Benefits	Project description and outcomes	Project proposal includes a description of the project and how it meets meets or exceeds the criteria and outcomes listed in the Scope of Work (Section B of the RFP)
	Public Interest Determination	<p>The project proposal includes a description of how the project:</p> <ul style="list-style-type: none"> • Support's the the Commission's energy system modernization Vision Statement and guiding principles that "the District of Columbia's modern energy delivery system must be sustainable, well-planned, encourage distributed energy resources, and preserve the financial health of the energy distribution utilities in a manner that results in an energy delivery system that is safe and reliable, secure, affordable, interactive, and non-discriminatory." • Advances the District's public climate policies, including a 100% renewable energy portfolio standard by 2032 and carbon neutrality by 2050; • Supports principles of equity, inclusion, and affordability; • Improves the District's economy and the health and safety of District citizens <p>Project description includes specificity as to the benefits, when they will accrue, and the expected beneficiaries.</p>
	Project Description and Benefits Sub-Total	

Category	Criteria	Description
Technical Merit	Workplan	<p>Proposal describes the steps and timeline for carrying out the responsibilities associated with the Scope of Work. The workplan must include a listing of key project milestones, the associated project schedule and timeline, and expected deliverables for each phase of the pilot. The workplan must also include an effective and viable strategy to capture lessons learned and best practices to guide future projects, and must propose transparent and project appropriate monitoring, reporting and evaluation processes and metrics.</p> <p>The workplan must be appropriate for the scope of the project.</p>
	Transition Plan	Proposal includes a transition plan that describes the process for closing out the project at the end of the pilot.
	Technical Merit Sub-Total	
Company Experience & Key Personnel	Project Team & Experience, including and potential contractors or subcontractors,	<p>Qualifications, technical expertise, certifications, knowledge and practical experience of the Project Team Members, including that of the staff and any subcontractors supporting the project, are directly relevant to the specified scope of services, including but not limited to:</p> <ul style="list-style-type: none"> -knowledge of and experience with the District's energy distribution systems and interconnected systems -General experience and qualifications in providing similar services in the District of Columbia and surrounding jurisdictions or to other states, utility commissions or regulatory agencies -experience with developing projects of similar scope and size. <p>Project proposal must include CVs for and clearly define the roles and responsibilities of each team member. Project proposal must also include references from prior completed engagements (at least 3?).</p>
	Company Experience & Key Personnel Sub-Total	

Category	Criteria	Description
Stakeholder Engagement	Customer Protection Plan	Proposal outlines an effective and transparent consumer service and customer dispute resolution process
	Community Engagement Plan	Proposal includes a community engagement plan consistent with scope of work to educate and engage the community with the project, and if applicable, outlines the process for enrolling customers in the project. Proposal identifies community partners
	Stakeholder Engagement Sub-Total	
Risk Mitigation	Risk Mitigation Plan	The proposal identifies the potential risks and associated mitigation measures for the project, including, but not limited to: safety, reliability project completion, operational, risk to customers, project continuity/technology transfer (during pilot timeline only). If the project scored below TRL 8, the proposal must include a technology mitigation plan.
	Proposal describes the property and liability insurance coverage needed as well required permitting and approvals, and the process for obtaining the same (as applicable)	Demonstrate due diligence in determining the necessary insurance, permits and waivers
	Risk Mitigation Sub-Total	
Overall Step 1 Score		
Stage 2 - Un-Scored/Evaluated Criteria (Short Listed Projects)		
Proposed Budget	Budget	The proposed budget to develop the Pilot Project is detailed, appropriate, and reasonable to the size and scope of the project. The project budget should be disaggregated by project phase and should reflect the entirety of the funding needed to build the project (not just pilot project funding).
	Financing Plan	The proposal describes the overall financing plan, including other funding sources or cost share and describes how cost changes or overruns will be addressed. The financing plan is appropriate to the project size and scope and includes a proposed schedule for the pilot project grant payments.
	Budget Requirements Met?	



DRAFT SCOPE OF WORK: DISTRICT HEAT PUMP PILOT

[TO BE INSERTED INTO RFP TEMPLATE SCOPE OF WORK, SECTION B]

PROJECT OUTCOMES

The development of a district heat pump system that will replace existing fossil fuel space conditioning systems and will demonstrate the following:

1. A reduction in GHG emissions attributable to heating and cooling buildings
2. The cost effectiveness of utilizing a district heating and cooling systems versus traditional, disaggregated heat and cooling sources
3. Customer-specific benefits
4. Grid impacts of a district heating and cooling system

PROJECT DESCRIPTION

The Commission seeks one or more large “District” or “Community” electric heat pump systems capable of serving aggregations of buildings. These aggregations may be multifamily residences, single-family residences, and/or commercial/institutional buildings, and the offeror may propose to place large heat pumps serving aggregations of buildings in more than one location. If the pilots are replacing existing fossil fuel space conditioning systems, the selected offeror will work with Washington Gas and Pepco, as necessary, to ensure a smooth and efficient transition from fossil-fuel space conditioning to heat pump space conditioning. The district heat pump proposal should demonstrate that it will meet the outcomes listed above and is also encouraged to make use of a nontraditional heating source (e.g. raw sewage water, geothermal, etc.). During the term of the pilot, the selected offeror will manage the operation and maintenance of the heat pump system, and continually monitor performance including electricity use by time of day, cost of heating and cooling, and participant satisfaction. Although this is a pilot project, the expectation is that the district heat pump will continue to operate after the conclusion of the pilot period, as such it should be designed with a continuity plan in place.

PROJECT PHASES

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These following Phases are intended as a guide, and reorganization of the tasks between Phases, or a proposal that includes additional tasks, is allowable. Each phase will require approval by the Pilot Project Governance Board and Commission Representatives before proceeding to the next phase.

Project Phase I

In Phase 1, the offeror will engage in outreach and education of building owners and community members to develop the cohort of participants, and put together an implementation plan for the program to be approved by the Pilot Project Governance Board and Public Service Commission. The implementation plan should include detailed program design, including an identification of the heat pump energy source, the expected number of participants (including LMI participants), detailed identification of costs (including equipment that must be purchased another expected costs, such as electrical panel upgrades or certain efficiency upgrades as necessary), actions by any cooperating agencies, and how benefits will accrue to participants, including any additional incentive to be offered to LMI participants. The implementation plan should also include how peak load may be managed in buildings that utilize the district heat pump. The offeror should develop the preliminary engineering and design of the facility. The offeror should establish a working relationship with Pepco and Washington Gas, moderated by the Commission, to ensure a smooth transition to district heat pump space conditioning, including, but not limited to, with respect to interconnection to the existing distribution system, conversion from natural gas heating to district heating.

The Commission will facilitate any necessary information gathering or data requests to the utilities involved.

Project Phase II

In Phase 2, the project will enter the implementation Phase. This will include ongoing engagement with participants to inform them of progress and to resolve problems during the purchase and construction, permitting, testing, of the heat pump system, its startup, and its operation. The offeror will provide regular quarterly progress reports to the Pilot Project Governance Board and Commission covering installation and operation, customer satisfaction, and achievement of the project objectives.

Project Phase III

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In Phase 3, the offeror will execute close-out of the pilot phase, and produce for the Commission a final report covering accomplishments in comparison with initial plans; GHG emissions impact; customer bills impact; costs and benefits (social, economic and financial); lessons learned; and requirements/recommendations for scaling up the program.

ESTIMATED FUNDING RANGE

\$3-5 million

PROJECT DELIVERABLES

Implementation plan, well-functioning heat pump-based heating and cooling system, reporting on program performance related to the Project Outcomes, demonstrated benefits to participants, roadmap of how to scale the program.

[TO BE INSERTED INTO RFP TEMPLATE SECTION E.3]

PROJECT SPECIFIC RFP RESPONSE REQUIREMENTS

(1) District Heat Pump Technical Specifications

Offeror should provide the following:

- Detailed explanation of elements of the project - the number, capacity and efficiency of the heat pumps; the heat reservoir of the heat pumps (air, ground, or water, including wastewater); the number and type of buildings served; the general socioeconomic category of occupants of the targeted buildings; the role of any cooperating organizations.
- If applicable, a description of how the project will manage the total heating and cooling load and include a detailed description of any expected interaction with existing utilities including any expected back-up power needs.
- The offeror needs to explain and quantify the cost and benefits to the customers, with a reasonable degree of specificity.
- To the extent that the project would be a retrofit, include how impacts to the customers would be minimized, including generally the type of equipment that will be used/replaced.
- A description of expected project benefits including lessons learned, how each outcome would be achieved, and estimated value of quantifiable benefits.
- List of potential project risks and plans to mitigate those risks.

(2) Customer Interaction: Offeror should provide the following:

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- a draft community engagement plan
- a draft customer rights and data protection plan
- a draft plan for measuring customer satisfaction

(3) Data Needs: Offeror should identify any additional data or information that will be needed in order to make the project successful, including data information that will be needed from the utility and how customer data will be received (i.e. Green Button Connect My Data or similar platform).

(4) Implementation Roadmap: The offeror must provide an implementation roadmap that includes, at a minimum, the project phases outlined in the scope of work, which would cover a period of no more than three years. These Phases are intended as a guide, and reorganization of the tasks between Phases is allowable.

(5) Continuity Plan: Provide a continuity plan for the operation, maintenance, and sustainable management of the district heat pump after the pilot phase is completed.

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Priority: Medium-High

Other Considerations:

Role of the Commission. The Commission will be the supervisory body for the program.

Role of the Governance Board. The Governance Board would act as intermediary for project implementation supervision on behalf of the Commission.

Risk mitigation. The RFP would require offerors to specify risks and how they would be dealt with, and require that in the event of the winning offeror withdrawing from the project at any point, all assets created with grant financing (software, documentation, hardware) would be property of the District of Columbia.

Financing. Offerors would be permitted to present financing plans including debt financing (e.g. from the Green Bank) or equity financing in addition to the pilot project grant.