



REQUEST FOR PROPOSALS

Consulting Services for Energy Efficiency Structure Development

Date Issued: December 12, 2008
Response Due By: January 12, 2009

Vermont Department of Public Service
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Introduction

In 1999, Vermont created the an Energy Efficiency Utility (“EEU”) to administer nearly all of the electric ratepayer-funded efficiency programs in the state.¹ Since the inception of the EEU, it has been operated by a non-utility corporation under a competitively solicited three year contract with the Public Service Board (PSB or Board), with the option for a three year renewal. This contract structure was the result of a comprehensive settlement among many parties and approved by the Board. As the EEU has developed, the environment in which it operates has changed, prompting the Board to conduct a series of extensive stakeholder workshops to discuss potential improvements to EEU structure. The workshops resulted in a document describing an alternative model for structuring the State’s EEU.

The Vermont Department of Public Service seeks contracted consulting services to provide expert assistance to assess the merits of the current contract structure versus the alternative developed through the stakeholder workshop process, including recommendations for improvement in either structure. The primary responsibilities of the contractor will be to provide review and analysis of work products completed to date, compare and contrast with alternative structures, and to make recommendations as to a structure that best meets the needs of Vermont ratepayers. This work takes place in the context of an open PSB docket to consider the matter.

For consideration under this solicitation, respondents are expected to have extensive experience and demonstrated capabilities in the creation and design of utility structures and/or efficiency programs. Respondents should also demonstrate the ability to convey complex topics using a clear and concise writing style. On the basis of these factors – as well as the Selection Criterion stipulated below – one or will be selected to perform the work described herein.

All proposals are due to the Department of Public Service (Department or DPS) on **January 12, 2009**. The contractor selection process will be conducted by a Proposal Review Team comprised of Department staff. The Team will follow all rules and procedures required under the State of Vermont’s acquisition guidelines, and will make a decision within 1-2 weeks of the proposal due date. Once a Contractor has been selected, DPS will notify all Respondents of their status. Successful Contractors must be available to begin work immediately following receipt of the award.

All questions regarding this RFP should be directed to TJ Poor, DPS Energy Programs Specialist, at the contact information provided below. Each proposal submission must include four hard copies with original signatures and one electronic copy. Proposals should be addressed to:

¹ Burlington Electric Department (BED) delivers efficiency services in its service territory.

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Background

As the EEU has matured, some areas of the current contractual structure have become problematic, including the apparent lack of competition for service providers, the potential conflicts created by the Public Service Board acting as both contract manager and adjudicator, and uncertainties in long term planning and commitments. While the current delivery mechanism is not “broken,” various stakeholders have shared ideas and concerns to improve the EEU in a series of workshops initiated by the Board from 2007-08.

The workshop process resulted in a working document entitled “*Draft of a Recommendation for a New Energy Efficiency Utility Structure*” (Draft Recommendation). The *Draft Recommendation* outlines a general structure called an “Order of Appointment,” where an EEU would be appointed for twelve years with a number of chances, if necessary, to test the market for other providers that might be better able to provide better value to ratepayers. The workshops did not produce a consensus; however the *Draft Recommendation* represents an accounting of much thought and discussion on the topic to date. In August of 2008, the draft document was submitted in support of a petition by the Department requesting that the Board to open a formal Docket to investigate the issues surrounding a potential change in efficiency utility structure. The *Draft Recommendation*, Department Petition, and more information concerning the workshop process, including the initial memos initiating the workshops and all parties comments, can be found at two locations on the Public Service Board’s website: <http://www.state.vt.us/psb/EEU/WorkingGroup/main.htm> and <http://www.state.vt.us/psb/document/7466EEUStructure/EEUStructure-main.htm>.

The services provided as a result of this RFP will be used to inform the Department’s position going forward in the context of the open docket.

Scope

The Department is seeking an independent review and analysis of the structure of Vermont’s EEU, and the potential alternative developed through the workshop process. The Department expects that the consultant will meet at least once with a stakeholder group consisting of utilities, the current EEU contractors, and advocacy groups in order

to gather input and information from various perspectives. Separate interviews with Department staff and others would be conducted as necessary.

While the Department is requesting analysis of the entire *Draft Recommendation*, two areas of the document are of particular interest to the Department. One is the length of the "Order of Appointment" considered in the document, and how it relates to the ability of regulators to inject competition into the structure if possible and warranted. The other is the compensation mechanism considered, and whether it provides a sufficient risk/reward balance to ensure continued stellar performance from an EEU.

A draft and final report will be provided to the Department by 4/24/09 and 5/15/09, respectively. As noted, the services requested are in the context of an open Public Service Board Docket, and thus time is of the essence. All work, including a final report with consultant recommendations, must be completed by May 15, 2009.

Contractor proposals under this RFP should include a summary of their approach for carrying out the work; including a proposed budget, hourly cost, and timeline.

Project Management

The Contractor and the DPS Project Manager will have a regular contact in which Contractor will provide progress updates. Contractor shall prepare monthly a detailed written progress report describing progress over the prior month and identifying key topics for discussion, including any issues that need prompt attention.

Selection Criterion

All proposals are subject to an evaluation by the DPS and/or non-departmental reviewers. The DPS reserves the right (but in no way is obligated) to interview the top prospective candidates to aid in the selection process.

The award of the contract will be made based on the following criteria:

- Experience in the creation and design of energy efficiency program structures and/or analogous structures, and knowledge of pertinent technical and theoretical issues.
- Experience in successfully completing similar research, and ability to provide timely and within-budget research.
- Writing skills and abilities, including a demonstrated proficiency in conveying complex topics in clear and concise language.
- Quality and completeness of the proposal (in terms of coverage, organization, graphics, grammar, spelling, etc). The clarity and organizational aspects of the proposal will be considered an indication of those same qualities in any future deliverable from the Contractor.

- Price and value.
- To a lesser extent, physical proximity or availability to be in Vermont on short notice.

Terms and Conditions

- Bidders must provide an hourly rate for various personnel to be assigned to each task identified in the proposal.
- The Department will retain ownership of all work products, which will be delivered to the Department at or before termination of all work.
- The Contractor will be required to enter into a confidentiality agreement if necessary to protect certain customer specific information from public disclosure.
- The DPS reserves the right to reject any or all proposals and to waive informalities and minor irregularities in proposals received, and to accept any portion of a proposal if deemed in the best interest of the state.
- News releases pertaining to this RFP, contract award, or the Project shall not be made without prior written approval from the DPS.
- Selection of the winning bidder shall be determined solely by the DPS on the basis that the proposal submitted is the most advantageous for the state.
- The DPS reserves the right to amend or cancel this RFP at any time and for any reason, as determined to be in the state's best interest.
- The DPS reserves the right to make a selection without further discussion of proposals received. Therefore, it is important that each proposal be submitted in the most complete and accurate manner possible.
- The Contractor must not be currently employed by a firm currently working under contract to Vermont Energy Investment Corporation (VEIC), Efficiency Vermont (EVT), or any of the State's electric utilities, and must agree not to undertake such employment during the term of this contract.
- The Contractor must be available to begin work immediately after the contract is awarded.
- A lead Contractor and lead contact person must be identified in joint proposals

In addition to these Terms and Conditions, it is important to note that the DPS assumes no liability in any fashion with respect to this RFP or related matters. All prospective Contractors, by their participation in the RFP process, shall indemnify, save and hold the DPS and its employees and agents free and harmless from all suits, causes of action, debts, rights, judgments, claims, demands, accounts, damages, costs, losses and expenses of whatsoever kind in law or equity, known and unknown, foreseen and unforeseen, arising from or out of this RFP and/or any subsequent acts related thereto, including but not limited to the recommendation of a service provider and any action brought by an unsuccessful prospective service provider.

The Proposal Submission

The proposal should present a clear understanding of the issues to be addressed and a description of how the Contractor proposed approach accomplishes the evaluation goals. The proposal should be structured to provide the following information:

1. Introduction
2. Understanding of the issue
3. Overview of the proposed approach
4. Descriptions of similar projects
5. Qualifications of firm(s)
6. Qualification of individuals
7. Management and staff structure
8. References
9. Timeline
10. Hourly billing rates and estimated time allocation given initial review of available information
11. Sample report from prime contractor
12. Other attachments as appropriate

Introduction: The introduction should introduce the research team and provide general information about the team and how they will approach the project.

Understanding of the issues: This section should provide a discussion of the objectives and the key issues associated with achieving them. The section will allow the DPS to assess the contractor's understanding of the objectives that need to be addressed.

Overview of the proposed approach: This section should present an overview of the contractor's approach, allowing the DPS to determine whether proposed methods are appropriate to the objectives in question.

Descriptions of similar projects conducted: This section provides a brief presentation of similar types of work conducted by the prime contractor and other key members of the research team. The discussion should allow DPS to assess the experiences of the Contractor or the Contractor Team relative to the goals of this project.

Qualifications of firm(s): This section is provided to allow the Contractor to present their corporate qualifications that are in addition to the above descriptions.

Qualification of individuals: The proposal should describe the individuals to be assigned to the task and include a resume for each of the key staff involved.

Management and staff structure: The proposals should clearly define the team's management and operational structure.

References: The Contractor should provide at least three references of work for other clients. The references should include a brief description of the effort including the name, address, telephone number and e-mail address of the client's representative for the referenced project.