

**DES Administrative Services Policy No. 10.1**

# Energy Service Company (ESCOs) Pre- Qualification Selection Process

<b>Applies To:</b>	Department of Engineering & Architectural Services employees
<b>Authorizing Sources:</b>	<a href="#">RCW 39.35A</a> <a href="#">RCW 39.35C.010</a> <a href="#">RCW 39.04</a>
<b>Information Contact:</b>	Engineering & Architectural Services
<b>Effective Date:</b>	March 1, 2015
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<b>Approved By:</b>	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> <div style="text-align: right; margin-right: 10%;">/s/ William Frare Assistant Director, Engineering &amp; Architectural Services</div>

## Purpose

This Policy applies to selecting Energy Service Companies (ESCOs) for Energy Savings Performance Contracting (ESPC) projects through the Washington State Department of Enterprise Services' Energy Program. This work will be performed for State Agencies, Public Higher Education, Public School Districts and Municipalities as designated in RCW 39.35A.020.

The Intent of this policy is to establish a process for pre-qualifying and selecting ESCO's that will participate in energy, water, and solid waste related projects at public facilities managed by the DES Energy Program on a biennial basis. This differs from the Individual Selection Process where a client agency may want to select a specific ESCO for projects developed in their facilities or for expertise in specific energy related areas. Both selection processes will require the ESCO firms to submit a summary of their qualifications and experience.

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## Definitions

**ESCO** means an energy service firm who engages in a performance-based contracting with a public-sector client agency to develop and install measures that reduce energy, water, and solid waste consumption and/or costs in a technically and financially viable manner.

**ESCO's** Experience means the experience of the firm or its employees and is comprised of those projects that the current staff of the firm has implemented either at this firm or any other firm. If the projects identified were implemented by staff in their tenure at another firm, this needs to be clearly identified. The ESCO must have permission from any third-party to use and include their work products in their response.

**An energy services proposal (ESP)** means a written report describing the client agency's facility and those buildings and/or systems that will receive ESCO equipment and services. The ESP identifies and describes in detail, the guaranteed maximum project cost, the guaranteed minimum energy savings resulting from the project, and the guaranteed equipment performance. The ESP describes how the energy savings will be guaranteed by the ESCO, and the schedule for project completion.

**Performance Contracting** means contracts for which payment is conditional upon achieving contractually specified savings (RCW 39.35C.010 (10)).

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## Policy

### **A. Energy Service Company Selections will be advertised.**

On a biennial basis, the DES Energy Program submits an advertisement describing the intent to develop a pre-qualified list (RCW 39.35A.050) of Energy Services Companies (ESCOs) providing services, for municipalities in the state of Washington for the upcoming biennium.

Abbreviated advertisements are normally placed in the Daily Journal of Commerce and selected local newspapers directing perspective ESCO's to the E&AS web page:

<http://des.wa.gov/services/facilities/Construction/Consultants/Pages/EASCurrentProjects.aspx>

### **B. ESCO submittals deadline requirements:**

- The date/time deadlines for submittals shall be published in all advisements for request for qualifications (RFQ).
- The official date/time will be marked by the date/time stamp machine designated by E&AS and stamped on the RFQ response when it is received.
- It is the responsibility of the submitting ESCO to allow sufficient time for all processing to occur which shall result in their submittal being stamped in before the date/time submitting deadline. ESCO submittals not received on time will be returned.

### **C. Period of performance for ESCO Services:**

The period of performance for ESCO services shall commence once a Master Energy Services Agreement is properly signed and runs through a two-year period expiring on June 30, unless altered or amended.

#### **D. Diverse Business Participation, Minority and Women Business Enterprise (MWBE), and Apprenticeship:**

ESCO past performance and success at subcontracting or teaming with Diverse Business is a consideration in the selection. Identify specific strategies you have used in the solicitation and award of subcontractors to achieve Diverse Business participation.

Voluntary numerical MWBE goals of 10 percent Minority Business Enterprise and 6 percent Women's Business Enterprise have been established for this project. Achievement of the goals is encouraged. Bidders may contact the Office of Minority and Women's Business Enterprise to obtain information on certified firms.

Apprenticeship requirements for this project are 15 percent for any resulting construction contract over \$1,000,000 in value, pursuant to RCW 39.04.320.

#### **E. ESCOs will be considered for selection based upon the following criteria:**

ESCOs will provide a range of professional services, including energy auditing, building benchmarking, determination of client baseline energy consumption, analysis of impact of identified energy, water efficiency measures (EEMs), preparation of an energy services proposal (ESP); multi-discipline engineering design of approved efficiency measures, assistance with obtaining and maximizing utility incentives; project construction management, installation of the efficiency measures; financial and risk analysis and management, commissioning of installed project elements, operations and maintenance training for new or renovated systems; and measurement and verification (M&V) of savings. The scope of work may also include the installation of renewable energy projects, such as solar, wind, geo-thermal, etc.

- ESCOs submit a summary of the qualifications and experience. The submittals are reviewed by the panel and those ESCOs deemed to be qualified will be interviewed. The ESCOs that are deemed qualified after the interview, will be offered a Master Energy Services Agreement (MESA). Once the MESA is signed by both parties, they are then eligible to participate in energy related projects at public facilities managed by the DES Energy Program.
- ESCOs must be a licensed Washington State general contractor at the time of submittal, and have engineer(s) licensed in the State of Washington as part of the ESCO team. If a proposed ESCO is comprised of a combination of firms, the lead firm must be identified and the lead firm must hold the general contractor's license.

#### **F. Discussion between panel members is permitted.**

Discussion between panel members is permitted during the selection process however, each panel member shall independently score each ESCO.

#### **G. ESCOs may contact panel chair or Energy Program Manager regarding panel scoring.**

After the selection is complete, prospective ESCOs can request the names and work telephone numbers of panelists from the panel chair or Energy Program Manager. Each panelist has the right to independently choose to talk with prospective ESCOs. Once a panelist decides to talk to ESCOs, the panelist must uniformly share the same information with each of the ESCOs who contact them.

## H. Panelists shall attend all of the phase 2 oral interviews.

Panelists not present during all of the phase 2 in-person interviews shall not score and rank the finalists.

The panel chair or Energy Program Manager has the right to delay the in-person interviews so a late-arriving panelist can attend, or choose to proceed with the interviews without the missing panel member(s).

Substitution for a sick or unavailable panelist is permissible. However, the phase 2 panel must contain at least two of the original phase 1 panel members for the three-member committee, and at least three of the original phase 1 panel members for the five-member committee for the selection to be considered valid.

An original panelist, unable to be present during all the in-person interviews, and therefore losing scoring rights, can participate in all other aspects of the selection, such as asking questions or discussions, providing that the remaining panel members agree. Non-scoring personnel from E&AS or the client may observe the interviews; however, only scoring members participate in the discussion during the interview and the scoring process.

## I. Selection Process

The evaluation process is conducted in two phases; 1) evaluation of written submissions and 2) oral interviews; both conducted by a single selection panel comprised of four to five members. The panel will consist of at least one client agency and three members of the DES Energy Program.

### Phase 1 - Written Submission

- Phase 1 of the selection process will be an evaluation of the written submission from each ESCO.
- Each ESCO will be individually scored on their submission by each member of the panel.
- Each panel member reviews the ESCO's written submission and scores them independently. A minimum collective score as set by the panel chair and agreed to by the Energy Program Manager is needed for an ESCO to move on to Phase 2 of the selection process.

ESCO's Statements of Qualifications for this project will, at a minimum include five topic areas and appendices including:

### Topic Areas

- Experience
- Management approach
- Savings and equipment performance guarantees
- Computation of energy baseline and post-installation energy use
- Financing ability

- Examples of performance contracting project documentation (preliminary and investment grade audit findings, audit proposal and detailed cost breakdown, and measurement and verification.)

### **Appendices**

- Resumes
- Completed federal form 330.

### **Phase 2 – Oral Interviews**

- The ESCO will describe their technical qualifications, outline personnel resources proposed to conduct the work, and present the results of a previously completed energy savings performance contracting project from the preliminary audit stage thru the post-implementation measurement and verification period.
- The panel will ask questions of the ESCO, including but not limited to, clarification of the ESCOs project presentation.
- The ESCO will have an opportunity to ask the panel questions and follow up with any further information they want to impart to the panel.

The scoring methodology will be the same.

- Experience
- Management approach
- Savings and equipment performance guarantees
- Computation of energy baseline and post-installation energy use
- Financing ability

In order for an ESCO to be deemed qualified, a minimum collective score by the panel is required. The minimum score will be set by the panel chair and agreed to by the Energy Program Manager. The final scoring will not result in a ranking of ESCOs.

Selection documentation is available for public review after the selection process is complete. Phase 1 and 2 score sheets, ranking sheets, and other project selection documentation is available to the public after the in-person interviews are complete and the finalists have been notified of the results.

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## Procedures and required forms

- [Master Energy Services Agreement](#)
- **Forms:**
  - [Federal Form 330](#)