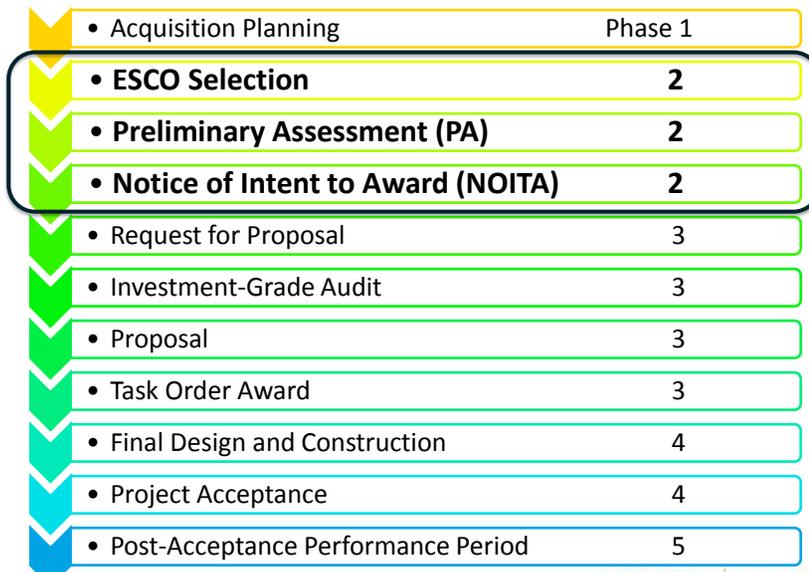
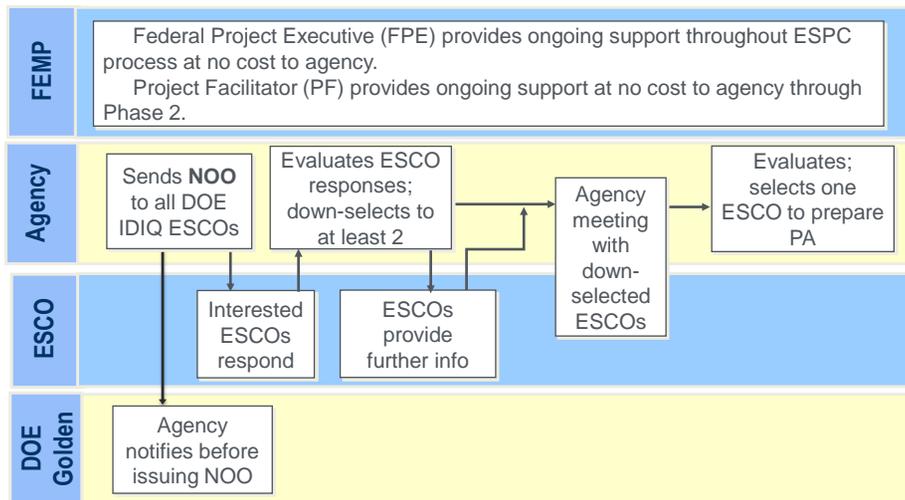


## Phase 2 – ESCO Selection / PA / NOITA



E-1

### Phase 2 – Part 1 -- ESCO Selection



9/15/15

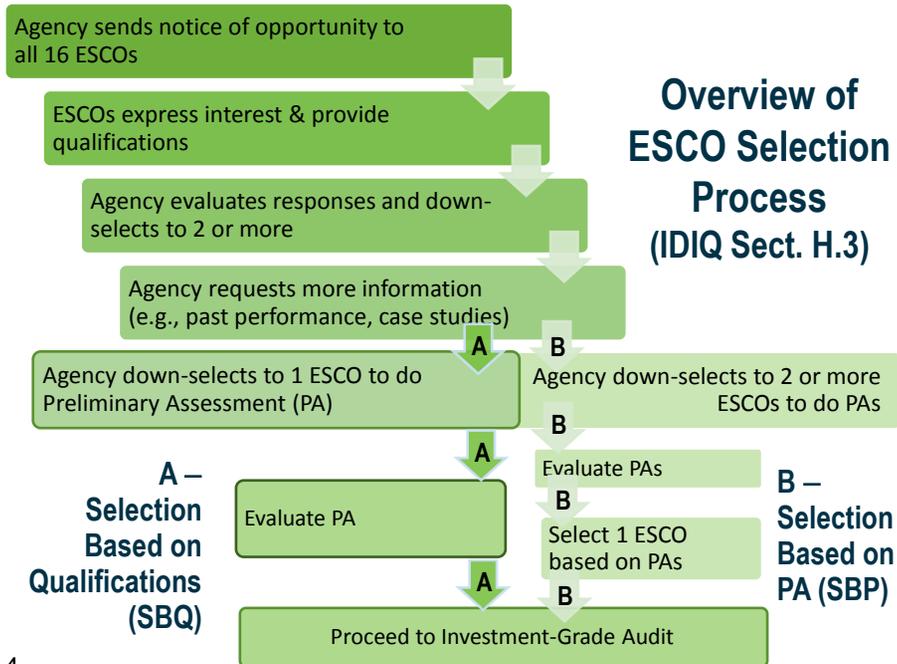
**Good News:**

**Defense Authorization Act of 2011**

**(Sec. 828) makes TO ESCO selection easier**

- Applies to all Federal agencies
- The DOE ESPC IDIQ incorporates simplified selection procedures consistent with the law (IDIQ section H.3 in handbook)
- “Fair opportunity for TO selection” means that ESCOs may be selected based on qualifications or Preliminary Assessments
- All DOE-FEMP ESPC ESCOs went through full and open CICA competition before IDIQ award

E-3



E-4

## Best Practice: Use SBQ Method for ESCO Selection

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- Use Selection-by-Qualifications Method (SBQ)
- Experience shows that SBQ works as well as more complex, costly, labor-intensive, and time-consuming methods. When using SBQ:
  - Development of the Notice of Opportunity (NOO) is quicker.
  - Project scope developed by the ESCO is comprehensive.
  - Selection of the ESCO is efficient and the project development cycle is shorter.
  - Unnecessary staff burden is avoided.
  - High-value projects tend to be the outcome.

5

## Best Practice: Use FEMP NOO Templates & Tools

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- On-line *ESCO Selector* integrates FEMP NOO template and guidance
- The same information and templates (without automation) are available in MS Word on FEMP ESPC Resources web page
- Templates and guidance are widely applicable and easily customized with agency specifics

C-6

## New FEMP Resources for ESCO Selection

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**FEMP ESPC Resources:** [energy.gov/eere/femp/resources-implementing-federal-energy-savings-performance-contracts](http://energy.gov/eere/femp/resources-implementing-federal-energy-savings-performance-contracts)

**ESCO Selector:** Online tool agencies can use to develop a notice of opportunity (NOO) and NOO response evaluation forms.

**Standard Basic Notice of Opportunity Template:** Template and sample of a brief, basic, compliant NOO

**NOO Templates and Best Practices:** Text version of the ESCO Selector, which includes all NOO guidance and templates

**NOO-Response-Evaluation Templates:** Forms correlated with ESCO Selector and NOO templates for agencies to use to evaluate ESCO NOO responses

**Past Performance Questionnaire:** Attachment to the Notice of Opportunity: Form for agency request for feedback from ESCOs' past customers

**Guidance for Using ESCO Oral Presentations in ESPC Source Selection:** Guidance for agencies allowing ESCOs to make presentations or attend agency meetings as part of a second down-selection

**Letter to Successful Company:** Template for agency letter informing an ESCO that it was selected for a project

**Letter to Unsuccessful Company:** Template for agency letter informing an ESCO that it was not selected for a project

E-7



## Best Practices for the Notice of Opportunity

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- Keep the NOO as broad as possible to allow the ESCO to propose comprehensive and innovative solutions. FEMP discourages the use of 3rd party audits in NOOs.
- Identify two or three site-specific needs or wish-list items, such as renewable ECMs. Related ESCO responses will then allows agencies to match ESCO capabilities with site needs.
- Keep evaluation factors and selection criteria to the minimum necessary. Evaluation factors should be weighted to reflect the agency's priorities rather than all factors being weighted equally.

C-8



## ESCO Selection Step 1: Notice of Opportunity (NOO)

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- Tailor for project – ask for information:
  - truly helpful in selecting best-suited ESCO for your project
  - to show whether ESCO’s qualifications fit agency’s needs
- Keep short to avoid wasted expense and effort —
  - This is a qualifications-based selection from a fully competed list of IDIQ holders
  
- Experienced FPE, PF, and FEMP team will help with
  - preparing NOO etc.; contracting support; PA review

E-9



## Best Practice

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- Require the ESCOs’ responses to the NOO to include description of the following:
  - ESCO’s management approach (how they’re going to get the job done)
  - Methods and procedures used to obtain competitive prices on energy conservation measures (ECMs) and best value for the government
  - The personnel responsible for the PA and their qualifications
  - The ESCO’s approach to developing energy baselines and the M&V approach for this project

E-10



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## Evaluate Responses and Select ESCOs for Further Consideration

- Evaluate responses to NOO
- Select at least 2 ESCOs who are worthy of further evaluation
- Issue notice to unsuccessful offerors
- Notify those selected — inform of next down-select process

E-11



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## Evaluating ESCOs' Qualifications and Past Performance

- Review ESCOs' qualification statements: (FEMP-ESPCs-ESCOs)
- Check past performance
  - Ask for contact info for ESCOs' five last projects (or projects in last 3 – 5 years)
  - Check Government-wide Past Performance Information Retrieval System (PPIRS)
- Before making selection, check \*SAM for CCR, ORCA, and EPLS
  - \*SAM = System for Award Management
  - CCR = Central Contractor Registration
  - ORCA = Online Representations and Certifications Application
  - EPLS = Excluded Parties List System

E-12



## Step 2: Select One ESCO to Do Preliminary Assessment (PA)

- Follow disclosed evaluation criteria
- Conduct down-selections as necessary
  - Hold written or oral discussions with two or more ESCOs selected based on NOO response
  - Best Practice: Don't hesitate to conduct in-person interviews with down-selected ESCOs in the process. Face-to-face meetings can provide perspectives that may be missed otherwise.
- Select ESCO to do PA
  - Comply with agency selection approval process
- Notify unsuccessful offerors
- Notify successful ESCO
- Notify FFS and PF
- Schedule PA kickoff meeting

E-13

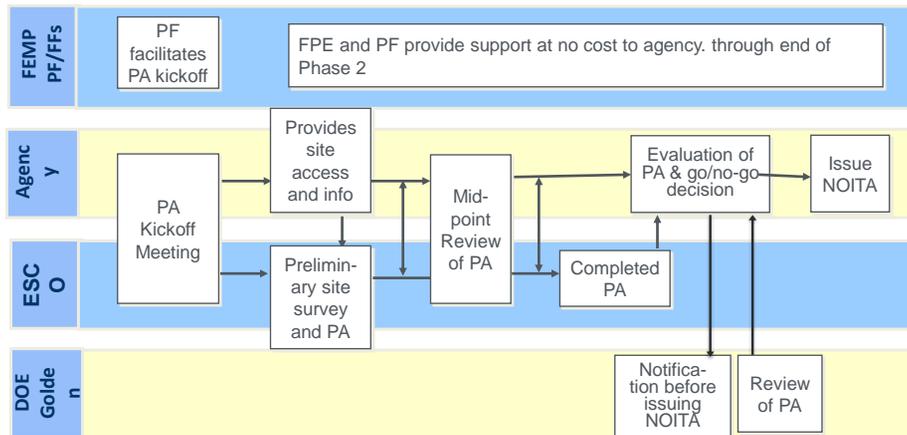
## Step 3 – Preliminary Assessment

• Acquisition Planning	Phase 1
• ESCO Selection	2
• Preliminary Assessment	2
• Notice of Intent to Award	2
• Request for Proposal	3
• Investment-Grade Audit	3
• Proposal	3
• Task Order Award	3
• Final Design and Construction	4
• Project Acceptance	4
• Post-Acceptance Performance Period	5

E-14

## Process

### Phase 2 – Part 2 – PA and Notice of Intent to Award (NOITA)



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### ***What the PA is, and what the PA is NOT***

- *The PA is a scoping document only.*
- *The PA is NOT a proposal.*
  - Don't delay the project by treating it as one.
- The PA is a high-level description of a feasible project based on the ESCO's walk-through audit and data provided by agency
  - Does NOT include investment-grade-audit quality data
  - Does NOT include detailed cost estimates
- The PA is NOT expected to be perfect, or to reflect a complete understanding of site/agency-specific requirements.

E-16

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## Purpose of the PA

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- Purpose is to sketch a preliminary scope of a project
- Expected to give agency enough information to make a confident decision about proceeding with project
- Intended to be produced at modest cost to ESCO
- If successful, PA will open project negotiations that continue through task order award.

C-17



## Best Practices for the Preliminary Assessment

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- To get a useful PA, agency should provide the ESCO with all relevant information about the facilities, including energy consumption and previous audits.
- The PA should be only as long as necessary to convey the viability of a project. See an example/template PA on the FEMP ESPC Resources Web page.
- Carefully review the Risk, Responsibility, and Performance Matrix and proposed M&V approach. Note questions, follow up. *Otherwise the assumptions used in the PA will generally carry through to the Investment-Grade Audit.*

C-18



## PA Kickoff Meeting

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- Review roles and responsibilities
- Establish communication protocols
- Schedule and arrange for site visit for audit
- Review requirements/expectations for PA
- Best Practice: Set deadlines for PA submission and for agency completion of PA review and response to the ESCO.
- See sample agenda for kickoff meeting



E-19

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## Key Elements of the PA

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- Must comply with IDIQ contract requirements (section H.4), however:
- IDIQ gives agency CO broad discretion to define requirements
- Key elements
  - A narrative summary
  - Description of ECMs
  - Risk, Responsibility, and Performance Matrix
  - Estimates of proposed energy and cost savings
  - M&V approach (general)
  - Financial schedules

E-20

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## Review of ESCO's Project Management Approach

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- ESCO's organizational structure
- Project management organization, approach, and project timeline
  - Is a full-time ESCO project manager assigned?
- Proposed O&M services
- Proposed repair and replacement services

## The ESCO's Technical Approach

- Comprehensiveness/depth of proposed scope
- Responsiveness to your desired ECMs and approach
- ESCO's assumptions and exceptions
- Changes to facility operations as result of installed ECMs

E-21



## Issues for Close Attention in PA Review

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- Are ECM descriptions and projected energy savings reasonable?
- Is M&V approach (won't be a complete plan) appropriate?
- Do all parties agree on ECMs to be explored in investment-grade audit?

E-22



## PA Review – Central Issues

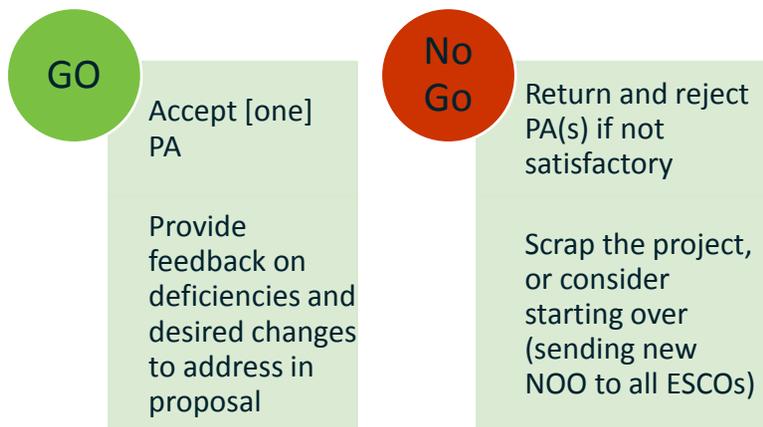
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- Does this meet (or can it be adjusted to meet) the majority of our needs?
- Does the PA show the ESCO listened and tried to meet our goals and needs?
- Is the proposed scope sufficiently comprehensive?
- Can our agency and the ESCO have a good long-term partnership?

E-23

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## The Go/No-Go Decision



(All rejected PAs must be dealt with as specified in the solicitation.)

E-24

## ESPC Project Milestones

• Acquisition Planning	Phase 1
• ESCO Selection	2
• Preliminary Assessment	2
• Notice of Intent to Award	2
• Request for Proposal	3
• Investment-Grade Audit	3
• Proposal	3
• Negotiations and Task Order Award	3
• Final Design and Construction	4
• Project Acceptance	4
• Post-Acceptance Performance Period	5

E-25

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## The Notice of Intent to Award (NOITA)

- Issued by the Agency CO
  - Formalizes decision to proceed & authorizes the ESCO to conduct an Investment-Grade Audit (IGA)
  - Specifies timeframe for completion of IGA and proposal
- Outlines any pre-award requirements
  - e.g., proof of insurance, required ECMs, M&V and risk & responsibility preferences
- May be issued concurrently with TO-RFP

E-26

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## Prior to Issuing Notice of Intent to Award...

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- Confirm intent to proceed with all site and other affected personnel
- Verify IDIQ ordering capacity with DOE Golden Office
  - Likely not an issue – each ESCO has \$5B contract ceiling – but need to check

E-27



## Review Questions

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- Q1: What does NOO stand for?
  - A: Notice of Opportunity
- Q2: A minimum of how many ESCOs must be selected from those who respond to the NOO?
  - A: Two
- Q3: Where in the DOE ESPC IDIQ do you find ESCO selection requirements?
  - A: Section H.3
- Q4: In addition to ESCOs' responses to the NOO, how can you evaluate ESCOs' qualifications?

E-28



## Review Questions

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- Q4 Answers:
  - Review ESCOs' qualification statements
  - Ask ESCOs to provide contact info for previous customers
  - Review ESCOs' financial standing
- Q5: What document formalizes the agency's decision to proceed and specifies a schedule for completion of the investment-grade audit?
  - A: Notice of Intent to Award (NOITA)
- Q6: What is one thing the agency should do before issuing the Notice of Intent to Award?
  - A: Confirm intent to proceed with all site and other affected personnel and/or (2) verify IDIQ ordering capacity (via DOE FFS)

E-29

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**Next:  
Exercise 2 –  
ESCO  
Selection**

**Next Module:  
Intro to M&V**

E-30

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