



# *Ameren Illinois Utilities DSM RFP Design & Development Stakeholder Meeting*

Presented by:  
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Summit Blue Consulting

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Chicago, IL



# Agenda

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## ■ Part 1: Quick Review (5 minutes)

- Illinois Legislative Requirements
- Program Budgets

## ■ Part 2: Summit Blue Introduction (5 minutes)

- Overview: Summit Blue Consulting
- Role of Summit Blue to assist the Ameren Illinois Utilities with RFP process

## ■ Part 3: RFP Process (80 minutes)

- Stakeholder meeting and RFP Release Schedule
- Approach to RFP Design for Ameren Illinois Utilities
- Approach to RFP Response Evaluation

## ■ Part 4: Stakeholder Discussion (30 minutes)

- Open forum

# RFP Guiding Principals

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## ■ Transparency

—Free flow of information to all parties

## ■ Definition

—Products and services defined in a manner that is clear and non-discriminatory

## ■ Evaluation

—Clearly state price and non-price criteria

## ■ Oversight

—Fair and transparent process

—All participating entities cannot have a financial stake in the outcome of the competitive bidding process

# Ameren Illinois Utilities Requirements

## Legislative Requirements

### Mandates

Program Year	2008	2009	2010	2011	2012	2013	2014	2015
Energy Efficiency: Incremental % of energy delivered	0.20%	0.40%	0.60%	0.80%	1.00%	1.40%	1.80%	2.00%
Demand-response: % of prior year eligible retail peak demand	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Maximum increase in per kWh rate	0.50%	1.00%	1.50%	2.00%	2.02%	2.02%	2.02%	2.02%

### Targets

Program Year	2008	2009	2010
Spending Limit (\$millions)	\$14	\$29	\$45
Cumulative Load Reduction Target (MWh)	77,000	232,000	467,000
Peak Demand Reduction Target (MW)	5	10	15

## Proposed Budget and Savings

TOTAL ANNUAL MWH	2008	2009	2010
DR Total	311	622	941
EE Total	62,497	125,651	189,911
DCEO Total	14,159	29,062	44,387
<b>Grand Total</b>	<b>76,967</b>	<b>155,335</b>	<b>235,239</b>
TOTAL ANNUAL KW			
DR Total	5,263	10,526	15,789
EE Total	10,303	20,393	28,829
DCEO Total	2,359	5,196	7,448
<b>Grand Total</b>	<b>17,925</b>	<b>36,115</b>	<b>52,066</b>
ANNUAL PROGRAM COSTS			
DR Total	\$688,778	\$954,437	\$1,238,829
EE Total	\$7,363,305	\$16,668,518	\$26,205,135
DCEO Total	\$3,345,847	\$7,044,317	\$10,871,281
Other Total*	\$1,915,000	\$3,040,000	\$4,360,000
<b>Grand Total</b>	<b>\$13,312,930</b>	<b>\$27,707,272</b>	<b>\$42,675,245</b>

\* Includes: Education Prog., EM&V, Information Prog., Admin.

# AIU Program Budgets

	Program Element	TOTAL ANNUAL MWH			TOTAL ANNUAL kW			ANNUAL PROGRAM COSTS		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
<b>Residential Energy Solutions</b>	Home Energy Performance	995	2,513	3,351	57	143	190	\$249,968	\$631,497	\$841,996
	ENERGY STAR Homes Program	-	-	-	-	-	-	\$0	\$0	\$0
	Residential HVAC Diagnostics & Tune-Up	-	1,812	3,624	-	373	746	\$0	\$773,605	\$1,547,209
	Residential Appliance Recycling	2,426	8,897	14,559	374	1,372	2,244	\$787,500	\$2,887,500	\$4,725,000
	Residential Lighting & Appliances	10,086	22,923	45,845	178	406	811	\$1,164,261	\$2,646,047	\$5,292,094
	Residential Multifamily	2,792	4,189	4,189	481	722	722	\$262,684	\$394,025	\$394,025
	Residential Low Income	-	-	-	-	-	-	\$0	\$0	\$0
	Residential New HVAC	343	1,543	3,086	89	399	798	\$125,665	\$565,491	\$1,130,982
	Residential DR - Direct Load Control	264	530	804	2,936	5,884	8,938	\$637,326	\$851,820	\$1,087,386
<b>Residential Solutions Total</b>		<b>16,907</b>	<b>42,406</b>	<b>75,458</b>	<b>4,114</b>	<b>9,298</b>	<b>14,450</b>	<b>\$3,227,402</b>	<b>\$8,749,985</b>	<b>\$15,018,692</b>
<b>Business Energy Solutions</b>	C&I Prescriptive	35,276	63,182	84,242	8,355	14,965	19,953	\$3,499,239	\$6,267,293	\$8,356,391
	C&I Retro-commissioning	513	1,230	1,914	12	30	47	\$192,206	\$461,294	\$717,569
	Commercial New Construction	-	102	458	-	33	147	\$0	\$72,000	\$324,000
	Street Lighting	4,249	4,249	4,249	-	-	-	\$520,000	\$520,000	\$520,000
	C&I Custom	5,817	15,012	24,395	756	1,952	3,171	\$561,784	\$1,449,765	\$2,355,869
	Commercial Demand Credit	47	93	137	2,328	4,642	6,851	\$51,452	\$102,617	\$151,444
<b>Business Solutions Total</b>		<b>45,901</b>	<b>83,867</b>	<b>115,395</b>	<b>11,452</b>	<b>21,621</b>	<b>30,169</b>	<b>\$4,824,681</b>	<b>\$8,872,970</b>	<b>\$12,425,272</b>
<b>Portfolio-Wide Costs</b>	Education Program							\$260,000	\$400,000	\$500,000
	Evaluation, Measurement and Verification							\$420,000	\$840,000	\$1,260,000
	Information Program							\$260,000	\$400,000	\$500,000
	Portfolio Administration							\$975,000	\$1,400,000	\$2,100,000
<b>Portfolio-Wide Cost Total</b>								<b>\$1,915,000</b>	<b>\$3,040,000</b>	<b>\$4,360,000</b>
<b>Ameren Total</b>		<b>62,808</b>	<b>126,273</b>	<b>190,853</b>	<b>15,566</b>	<b>30,919</b>	<b>44,619</b>	<b>\$9,967,083</b>	<b>\$20,662,955</b>	<b>\$31,803,964</b>
<b>DCEO Total</b>		<b>14,159</b>	<b>29,062</b>	<b>44,387</b>	<b>2,359</b>	<b>5,196</b>	<b>7,448</b>	<b>\$3,345,847</b>	<b>\$7,044,317</b>	<b>\$10,871,281</b>
<b>Grand Total</b>		<b>76,967</b>	<b>155,335</b>	<b>235,240</b>	<b>17,925</b>	<b>36,115</b>	<b>52,067</b>	<b>\$13,312,931</b>	<b>\$27,707,272</b>	<b>\$42,675,245</b>

# Summit Blue Consulting

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## Summit Blue Consulting

- Established in 2000
- Based in Boulder, CO – satellite offices in (CA, IA, VT, WI, IL, WA)
- Leaders in DSM program planning, design, and evaluation
- 45 consultants – all highly experienced in DSM

## Summit Blue- Ameren Support Team:

- Randy Gunn, Principal-Chicago, IL
- Toben Galvin, Consultant- Burlington, VT

# Role of Summit Blue for RFP Process

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- Selected by the Ameren Illinois Utilities via competitive RFP process to assist with:

Task 1: Define and document RFP process

Task 2: Development of RFPs

Task 3: RFP Stakeholder Workshop Facilitation

Task 4: Administration of RFP process (Q&A)

Task 5: Evaluation of RFP Responses and Recommendation to Ameren Illinois Utilities and Stakeholder sub-group

# RFP Development & Admin

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- **Summit Blue will develop and host a dedicated website for the Ameren Illinois Utilities RFP process ([www.rfp.summitblue.com/AmerenIL](http://www.rfp.summitblue.com/AmerenIL))**

**The website will be used for posting documents, notices, and timelines related to:**

- Stakeholder workshops
- RFPs
- Q&As from 3<sup>rd</sup> party contractors

- **Summit Blue will be the first point of contact to receive contractor questions and draft responses for review and approval by Ameren Illinois Utilities prior to posting on the RFP website.**

# RFP "Bundle" Issue

## RFP Bundling Issue:

- Should AIU issue 13 separate RFPs, 1 for each program, or "bundle" RFPs into logical groupings?

Pros	Cons
1. Enables 1-stop shopping for customers	1. Could limit boutique "best-of-breed" providers ability to respond to RFP
2. Link Energy Efficiency and Demand Response programs in delivery channels	2. Increases risk if selected contractor does not perform, or under-performs
3. Facilitates Administration	
4. AIU reserves the right to approve/disapprove selection of sub-contractors	

# RFP “Bundle” Proposal & Strategy

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## Proposal:

- Prepare RFP “Bundles” grouping similar programs by sector/markets
- Delivery contractors have areas of specialty- typically divided by Residential /Commercial & Industrial (C&I)/& DR
- Multiple bundles versus a single overarching delivery contract will yield opportunity for greater competition, while still allowing contractors to respond to multiple bundles if they wish
- Bundling will facilitate economy in administrative management/oversight/evaluation of contractors and cross-program promotion (e.g. Res. HVAC can promote Demand Response )

## Proposed Strategy:

- Issue 2 separate RFPs with programs “bundled” by sector:
  - Bundle #1: Residential Energy Solutions
  - Bundle #2: Business Energy Solutions
- Demand response programs will be in their respective sector bundle
- Design/Delivery/Marketing are required components of each bundle

# Bundle Strategy Continued

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## Contract Terms

- **3 year contract with a potential for up to two one year no-bid extensions for excellent performance**
- **Contractors will be asked to propose performance goals and compensation structure**
- **Mitigating Contractor performance risk**
  - Performance based contracts are not standard in industry
  - AIU has annual budget caps that may limit performance incentives for superior performance
  - Investigating the use of a Performance Bond to address downside risk
- **All contracts must be competitively re-bid after 5 years**

# **AIU - Proposed RFP Bundles**

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## **Bundle #1: Residential Energy Solutions**

- 1. Home Energy Performance**
- 2. Residential HVAC Diagnostics & Tune-up**
- 3. Residential Lighting & Appliances**
- 4. Residential Multi-family**
- 5. Residential New HVAC**
- 6. Residential Appliance Recycling**
- 7. Residential Air Conditioner Direct Control**

## **Bundle #2: Business Energy Solutions**

- 8. Commercial and Industrial Prescriptive**
- 9. Commercial and Industrial Custom**
- 10. Commercial and Industrial Retro-commissioning**
- 11. Commercial New Construction**
- 12. Commercial Demand Credit**
- 13. Street Light Program**

# RFP Contents

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## RFP Contents

# RFP Table of Contents

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**Goal: review/discuss high level immediate areas of concern or omission with proposed RFP content fields.**

- 1.0 Introduction
- 2.0 Background
- 3.0 Scope of Work
- 4.0 Performance Goals
- 5.0 Budget
- 6.0 Qualifications & Experience
- 7.0 Proposal Response Format
- 8.0 Selection Process & Evaluation Criteria

# 1.0 Introduction

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- 1.1 Summary of Solicitation
- 1.2 Contact Information, Due Date, and Submission of Proposal
- 1.3 Questions
- 1.4 RFP Schedule
- 1.5 Post Proposal Negotiation and Awarding of Contracts

# 2.0 Background - AIU Roles

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## 2.1 Ameren Illinois Utilities 2008-2010 DSM Plan

## 2.2 Description of AIU DSM Programs

## 2.3 AIU Roles and Responsibilities

- Executive Management
  - Develop Portfolio Strategy
  - External Coordination
  - Internal Coordination
  - Budgeting & Financial Management
  - Manage QA/QC
  - Develop overall Communications and Marketing Strategy
- Policy and Planning
  - Conduct Program & Portfolio Analysis
  - Conduct Market Research
  - Develop and periodic review of program metrics
  - Perform budget analysis
  - Review evolving program design
  - Manage EM&V process
- Program Administration
  - Manage implementation of programs
  - Support Back Office system design and Implementation
  - Provide procurement support
  - Manage of 3<sup>rd</sup> party vendors
  - Manage program tracking and reporting
  - Conduct internal EM&V

# 2.0 Background - Contractor Roles

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## 2.4 Contractor Roles and Responsibilities

- Program Implementation
  - Provide detailed program design based on “Turn-key” delivery
  - Provide estimated measure savings and budgetary requirements
  - Provide detailed implementation schedule for each program within bundle
  
- Program Administration
  - Conduct adaptive re-design analysis to optimize savings objectives, work with AIU to determine individual program evolution
  - With direction from AIU, conduct and coordinate marketing efforts with AIU Marketing team
  - Develop and train trade allies in delivery channels
  - Call center – coordinate customer interactions with AIU call center staff, contractor to set up single 800 number to manage customer EE and DR questions/concerns
  - Provide incentive processing services
  - Provide data tracking and reporting as defined by AIU
  - Conduct verification
  - Communicate and coordinate with AIU

# 3.0 Scope of Work

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- Task 1. Program Implementation Planning
- Task 2. Program Delivery
- Task 3. Marketing
- Task 4. Incentive Processing & Data Tracking
- Task 5. General Administration & Management

# 4.0 Performance Goals

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- **Contractors will be requested to propose performance goals in their RFP response for:**
  - a) MWh
  - b) MW
  - c) Expenditures
  
- **Ameren Illinois Utilities will use the offer of a 1-2 year no-bid extension as a performance incentive for contractors to achieve goals**
  
- **Ameren Illinois Utilities reserves the right to discontinue the delivery contract early for non-performance and will re-bid**

# 5.0 Budget (2008, 2009, 2010)

Name	Title	Firm	Primary Work Office Location	Hourly Rate(\$)	Total Hours	Task 1. Program Planning Costs (\$)	Task 2. Program Delivery Costs (\$)	Task 3. Marketing Costs (\$)	Task 4. Incentive Processing & Data Tracking Costs(\$)	Task 5. Gen Admin & Mgt Costs(\$)	Total Costs (\$)
Labor Costs											
<b>Name A.</b>											
<b>Name B.</b>											
<b>Name C.</b>											
Subtotal Labor Costs											
Other Direct Costs											
Incentives											
Incentive Processing Fees											
Advertising/Media Buys/Printed Material											
Travel (airfare, hotel, meals)											
IT Systems											
Telephone/Postage											
<b>Other*</b>											
Subtotal Other Direct Costs											
<b>TOTAL COSTS</b>											

\*Please describe what constitutes "other" costs.

# Contractor Compensation

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- Contractors will be required to propose a traditional time and materials budget, with fixed annual limits
- Contractors will also be invited, as an option, to propose an alternative compensation structure which includes a performance based component for kWh/kW saved (e.g. California 3<sup>rd</sup> party delivery contracts)
- Ameren Illinois Utilities will decide on final contract structure as part of selection and final contract negotiations

# 6.0 Qualifications & Experience

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- Management Structure
- Qualifications and Experience of Key Personnel
- Client References
- Conflict of Interest Disclosure
- Financial Information Requirements

-Review and Discuss/Questions

# 7.0 Proposal Response Format

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- Cover letter
- Executive Summary
- Introduction
- Review of Roles and Responsibilities and Understanding of Assignment
- Scope of Work
  - Tasks
  - Programs
  - Bundles
- Implementation Timeline & Key Milestones
- Budget
- Performance Goals
- Qualifications and Experience

# 8.0 Selection Process and Evaluation

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## 8.0 Selection Process and Evaluation Criteria

8.1 Selection Process

8.2 Evaluation Criteria

8.2.1 Technical Approach

8.2.2 Organizational and Management Capability

8.2.3 Cost

-Review and Discuss/Questions

# Proposed Scoring Matrix

Description	Weighted Percent
<b>Part A: Technical Approach</b>	<b>40%</b>
1. Proposed Energy and Peak Demand Savings Targets	
2. Program Design, Implementation and Administration Strategy	
3. Best Practice, Innovation, & Likelihood for Success in Proposed Technical Approach	
4. Time to Implementation/Market for Programs	
<b>Part B: Organizational and Management Capability</b>	<b>35%</b>
1. Demonstrated Competence and Experience	
2. Management Structure & References	
<b>Part C: Cost Proposal</b>	<b>25%</b>
1. Labor, Non-Labor, and Incentive costs	
2. Costs Related to Technical Approach	
3. Ability Meet Objectives Under Budget	
<b>Total</b>	<b>100%</b>

# RFP Review (External Process)

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- Summit Blue will review proposals, evaluate, score, and prepare non-binding advisory recommendation memo for the Ameren Illinois Utilities
- Stakeholder sub-group, will be invited to review proposals, evaluate, score, and prepare non-binding advisory recommendation memo for Ameren Illinois Utilities
- Ameren Illinois Utilities RFP Selection Group will a) as a group follow the review/selection process; b) consider Summit Blue selection memo; and c) stakeholder sub-group memo; d) make final choice

# RFP Review/Selection Process

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- Step 1: Establish representative RFP selection committee**
  
- Step 2: Selection team members individually review RFPs, call references, and assign preliminary points based on scoring matrix**
  
- Step 3: Selection team meets to discuss strengths /weaknesses of proposals as a group. Individual preliminary scores are shared. Group discussion. Group engages in consensus based scoring to identify and rank finalists**
  
- Step 4: On-site interviews for top finalists (optional)**
  
- Step 5: Selection team reconvenes, discusses interviews, has opportunity to re-score (consensus based) if needed. Final selection made.**

# RFP Timeline

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- **2/4/08:** Send draft RFPs to stakeholders for review and comment
- **2/11/08:** Stakeholder written comments due
- **2/20/08:** Ameren Illinois Utilities Stakeholder Mtg (Discuss RFP draft)
- **2/25/08:** Release RFPs
- **3/20/08:** Contractor proposals due
- **3/27/08:** Summit Blue prepares selection memo; stakeholders provide selection comments
- **Wk of 4/7/08** (Interviews with Finalists by Ameren Illinois Utilities)
- **Wk of 4/14/08** (Ameren Illinois Utilities makes final selections and initiates award process)
- **Month of June:** Initial Quick Start Programs Roll-Out (e.g. Res. Lighting & Appliances)

# Contact Information

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Thank you

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