

***North Carolina Municipal Power Agency Number 1  
on behalf of its Participant Public Power Utilities***

**Request for Proposals  
For  
Energy Efficiency Projects**

**February 20, 2009**



## **1.0 BACKGROUND**

In August of 2007, the North Carolina General Assembly enacted North Carolina Session Law 2007-397 (“Senate Bill 3”), that implemented a Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) to which all public utilities, cooperatives and municipalities that serve retail customers within the state are subject. One way in which municipalities may meet its REPS obligations is through the reduction of energy consumption by their retail customers implementing energy efficiency measures.

### **1.1 Overview of Energy Efficiency RFP**

North Carolina Municipal Power Agency Number 1 (“NCMPA1”) is the full requirements electric supplier to 19 municipal utilities (Participants) in central and western North Carolina. NCMPA1 Participants include: Albemarle, Bostic, Cherryville, Cornelius, Drexel, Gastonia, Granite Falls, High Point, Huntersville, Landis, Lexington, Lincolnton, Maiden, Monroe, Morganton, Newton, Pineville, Shelby and Statesville. NCMPA1, on behalf of its Participants, is issuing this Energy Efficiency Request for Proposals (RFP) to encourage the development of energy efficiency improvement projects by Participants’ retail electric customers by offering financial incentives to such customers for such projects through a competitive bidding process. Customers that choose to undertake energy efficiency projects as a result of the financial incentives awarded through this RFP process will benefit from the reduced electricity consumption and associated power bills. Highlights of the Energy Efficiency RFP are as follows:

- The Energy Efficiency RFP is open to any commercial, industrial or institutional customer with a peak annual billing demand of at least 250 kW.
- A qualifying customer must specify the amount of incentive required to implement the project. Funding of the incentives is intended to cover a portion, but not all, of the cost of an energy efficiency project.
- Projects may be submitted in partnership with an equipment vendor, consultant, contractor or other third party service provider.
- Energy efficiency projects that produce, in the aggregate, savings of 100,000 kWh (or more) per year will receive preference.

- All kWh savings provided by an energy efficiency project must be produced in a manner that will allow the Participant to measure, verify and apply the savings toward its REPS compliance obligations under the provisions of Senate Bill 3.
- It is acceptable to aggregate energy efficiency measures at multiple facilities (all of which must receive electric service from a Participant) so long as the facilities are owned by the same parent company and operated by the same corporate management.
- All projects will be reviewed and ranked by NCMPA1 staff and its consultants. The highest ranking proposals in all NCMPA1's Member Cities will be funded first until available funds are gone.
- Eligibility is limited to projects that are undertaken and installed during the calendar year period January 1, 2009 through December 31, 2009.
- Eligible energy efficiency projects must provide savings that are measurable and verifiable and may be related to projects that include, but are not limited to, high efficiency lighting, refrigeration and HVAC systems; improved building envelopes; energy management systems; variable speed drives on motors; and measures that are unique to a customer's business or physical process.
- Measures that are not eligible include new construction projects, used or rebuilt equipment, non-cogeneration power production applications such as standby generation, fuel switching and repair/maintenance projects.

Please see the enclosed Terms & Conditions for more details about the Energy Efficiency RFP.

**1.2 Schedule**

<b>Energy Efficiency RFP Schedule</b>	
Issue RFP	2/20/2009
Deadline for Questions	5/1/2009
Proposal Due Date	5/8/2009
Evaluation of Proposals Completed	6/15/2009
Bidders Notified of Selections	7/1/2009

## 2.0 TERMS AND CONDITIONS

Energy efficiency projects requested in this RFP are intended to benefit Participants' commercial, industrial and institutional customers through reduced electricity consumption and associated energy costs, and to assist the Participants in meeting their REPS compliance obligations under Senate Bill 3.

### 2.1 Eligibility

- The RFP for Energy Efficiency is open to any commercial, industrial or institutional electric customer with a peak annual billing demand of at least 250 kW.
- All proposed projects must be located at facilities that are receiving electric service from a NCMPA1 Participant.
- Equipment vendors, engineering consultants, independent contractors and other third-party service providers are permitted to propose qualifying energy efficiency projects in conjunction with an eligible utility customer (individually or collectively, a "Bidder"), but only commercial, industrial and institutional customers receiving electric service from a NCMPA1 Participant may sign the Bid Application Form. Each Bidder must demonstrate proficiency in implementing and supporting projects, the nature and scope of which, are similar to the proposed project. Incentives are not assignable to a third party.
- It is acceptable to aggregate energy efficiency measures at multiple facilities (all of which must receive electric service from a Participant) so long as the facilities are owned by the same parent company and operated by the same corporate management.
- Proposals resulting in reduced electrical usage of 100,000 kWh (or more) per year will receive preference.
- All kWh savings provided by an energy efficiency project must be produced in a manner that will allow the Participants to apply the savings toward their REPS compliance obligations under the provisions of Senate Bill 3.
- Eligibility is limited to projects that are undertaken and installed during the calendar year period January 1, 2009 through December 31, 2009.
- Proposed energy efficiency projects must comply with the enclosed Terms and Conditions and provide savings that are measurable and verifiable and may be related to projects that include, but are not limited to, high efficiency lighting, refrigeration and

HVAC systems; improved building envelopes; energy management systems; variable speed drives on motors; and measures that are unique to a customer's business or physical process.

- Projects that are not eligible include:
  - Any non-cogeneration power producing project such as standby generation;
  - Measures involving switching from electric energy to another fuel;
  - Any measure that does not save electric energy at the customer's site;
  - New construction projects;
  - Measures that employ used or rebuilt equipment;
  - Technologies that are below federal and state minimum standards;
  - Any energy efficiency measures that are required by law or code or that represent standard industry practice;
  - Measures that decrease "plug" loads, such as computer inactivity time-out controls; and
  - Load shifting technologies that do not reduce electric energy consumption.

## **2.2 Bid Application Process**

- Bidders must (i) meet all of the terms and conditions contained in this RFP; (ii) provide the information requested herein; and (iii) include all required supporting documentation in order for their proposals to be given consideration.
- Bidders must complete the attached Bid Application Form and submit all requested documentation as a prerequisite to being considered for an incentive through the Energy Efficiency RFP. Bids must be received by 2:00 p.m. on Friday, May 8, 2009. Please submit two hard copies and an electronic version of bid materials to:

*NCMPA1 RFP for Energy Efficiency  
Robbie Tugwell  
1427 Meadow Wood Blvd., Raleigh, NC 27604  
Fax: (919)760-6060  
Phone: (919)760-6364  
Email: rtugwell@electricities.org*

- All questions and requests for clarification should be made in writing, preferably by email, to the contact person above and should refer to the "Energy Efficiency RFP". The

deadline for questions and requests for clarification is May 1, 2009. NCMPA1, in its sole discretion, will decide in what manner a response will be made.

- Proposals will be selected for funding by July 1, 2009, at which time a Project Agreement will be negotiated, as described in Section 2.3 herein.
- To maintain eligibility for an incentive award, a Project Agreement between the Participant and the Bidder must be executed, as described in Section 2.3 herein.
- Upon receipt of an incentive award, the Bidder will have 90 days to start the proposed project(s). Failure to complete the project within the proposed schedule may result in the loss of some or all of the incentive payment. Any extensions of a proposed project schedule may be granted or withheld in the sole discretion of the Participant.

### **2.3 Project Agreement**

- If an energy efficiency project is selected for funding by NCMPA1 and its Participant, all conditions that must be met prior to the payment of any incentive, and any obligations of the Bidder thereafter, will be specified in an agreement between the Participant and the Bidder (the "Project Agreement").
- No incentive payment will be made until all conditions specified in the Project Agreement have been fulfilled to the satisfaction of the Participant.
- Specified conditions may include, without limitation, proper completion and installation of the specified energy efficiency project in accordance with the proposal; the successful completion of an inspection of the energy efficiency project in accordance with a measurement and verification protocol developed for each project as described in Section 2.4 herein; and the provision of a completed W-9 form for the entity that would receive the incentive payment.
- In the event negotiations with a Bidder do not, within a reasonable period of time (as determined by the Participant in its sole judgment), produce a Project Agreement satisfactory to Participant, the Participant reserves the right to terminate those negotiations and pursue any and all other options available to it, including, without limitation, entering into Project Agreements with other parties.
- Selection for negotiation will not be a commitment by the Participant to enter into a Project Agreement with any Bidder.

## **2.4 Measurement and Verification Protocol**

- All Bids must include a proposed inspection and evaluation process by which the initial and ongoing effectiveness of a project can be accurately measured and verified (“M&V Protocol”).
- The M&V Protocol should conform to standard protocols such as the International Performance Measurement and Verification Protocol and must be sufficient, as determined in the Participant’s sole discretion, to demonstrate that the process is in place and that conditions necessary to achieve the energy savings have been, and will continue to be, met over the life of the project.
- The final M&V will be developed as part of the technical review of the proposal by NCMPA1 and its Participant and will be specified in the Project Agreement.
- The Bidder is responsible for implementing the M&V Protocol on an ongoing basis and for making the associated information available to the Participant throughout the life of the project.
- Representatives of the Participant and/or NCMPA1 may conduct an inspection of the proposed project site(s) at any commercially reasonable time during the life of the project upon reasonable notice to the customer.

## **2.5 Calculation of Benefits**

- Describe the financial goals of the project, e.g., return on investment, simple payback, etc.
- Provide the estimated initial investment costs and on-going incremental operating costs (if any) for the project.
- Describe any tax benefits, grants, manufacturer’s rebates or other financial incentives associated with the project.
- All estimates of energy savings and other benefits must be made using commercially reasonable engineering methods and standards.
- Manual calculations, spreadsheets and computer models may be used for any calculation, provided that any proprietary spreadsheets or computer models are available for review upon request by the Participant and/or NCMPA1.
- All baseline and operating assumptions must be clearly presented.

- All equipment capacities and operating efficiencies and other similar data must be substantiated by a testing organization's rating or manufacturer's data if no testing standards exist.

## **2.6 Confidentiality**

- All proposals should be marked "Confidential".
- NCMPA1 and its Participants will treat all proposals as confidential and will limit their distribution to Participant's employees, agents and consultants to the extent permitted by law.
- Participants are subject to the Public Records Act of North Carolina (General Statutes Chapter 132) and it is possible that any information submitted by a Bidder may become public knowledge. However, Participants will (i) exert reasonable efforts to keep all proposals confidential; (ii) limit any required disclosure as much as possible; and (iii) notify any Bidder if a request for such disclosure is received.

## **2.7 Proposal Evaluation Process**

- Initial screening of proposals will be conducted regarding eligibility criteria and an assessment relative to adequacy of information on the project.
- The evaluation team may request additional information or clarifications from the Bidders.
- Proposals will be ranked based on several criteria, including, but not limited to:
  - Incentive payments relative to energy savings over the life of the measure
  - Relative timing of energy savings (on-peak vs. off-peak; expected life of project)
  - Magnitude of energy savings (i.e., size of project)
  - Sufficiency of proposed M&V Protocols
  - Relative cost of alternative compliance measures for the Participant in meeting its REPS compliance obligations under Senate Bill 3
- Negotiations with Bidders submitting the highest ranking proposals will be conducted in parallel towards mutually acceptable Project Agreements.

## 2.8 Other

- Bidders should note in their Bid Application Form whether any third party funding of the proposed project(s), such as a grant, has been received or requested and its anticipated effect on the economics of the proposed project(s).
- Incentive funding for any project is not guaranteed and may be offered or withheld, for any reason or no reason, by Participant in its sole discretion.
- All proposals shall become the property of Participant. This RFP is solely an invitation to submit proposals, not an offer to establish any contractual rights, partnership or agency. Each Bidder shall be solely responsible for any and all costs it may incur in responding to this RFP, including those associated with any subsequent negotiations or discussions.
- NCMPA1 and its Participants reserve the right to:
  - reject or accept any or all proposals received in response to this RFP for any reason or no reason, including proposals that are incomplete, contain irregularities and are submitted after the due date;
  - change the requirements of this RFP unilaterally, including the RFP schedule, and to withdraw its plans for the solicitation process as described herein;
  - withhold the reason for rejecting a proposal;
  - waive any requirement in this RFP;
  - request clarifications from Bidders;
  - conduct simultaneous negotiations with multiple Bidders; and
  - modify the RFP requirements due to regulatory, legislative or administrative action or anticipated action.
- A Bidder's preparation for this RFP, submission of information in response to this RFP, or participation in this RFP shall not operate to create any obligation for the Participant.
- Responses to this RFP are made without recourse to NCMPA1 and Participant for either rejection or failure to enter into a binding commitment for any reason whatsoever.
- NCMPA1 and Participants do not endorse any particular manufacturer, product or system design.
- NCMPA1 and Participants will not be responsible for any tax liability imposed on the Bidder as a result of an incentive payment.
- NCMPA1 and Participants do not expressly or implicitly warrant the performance of equipment purchased and/or installed in response to this RFP.

- NCMPA1 and Participants are not responsible for the proper disposal or recycling of any waste generated as a result of a project implemented in response to this RFP.
- NCMPA1 and Participants are not responsible for any damage caused by the installation of proposed equipment, nor for any damage caused by the malfunction of such equipment in connection with any project undertaken as a result of this RFP.
- Any use of NCMPA1 and Participants' name or logo, or reference to this Energy Efficiency RFP, will not be allowed without the prior written consent of NCMPA1, such consent to be granted or withheld in the sole discretion of NCMPA1 and the Participant.

### 3.0 BID APPLICATION FORM

## NCMPA1 Energy Efficiency RFP

This Energy Efficiency RFP is a program offered by NCMPA1 Participants to encourage investment by its large commercial, industrial and institutional customers in energy efficiency improvements. Using a competitive bidding process, the program allows eligible customers to request and justify the specific level of financial incentive needed to satisfy their internal financial targets and to compete with other customers for available funding.

### **Bidder Contact Information**

Company Name \_\_\_\_\_

Utility Account Number \_\_\_\_\_

Federal Tax ID Number \_\_\_\_\_

Address of Proposed Project \_\_\_\_\_

Contact Name/Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

E-mail \_\_\_\_\_

### **Proposed Project Information**

Summarize the project in a table similar to that shown below and attach to this Bid Application Form the following:

1. Description detailing each of the proposed energy efficiency measures.
2. Description of how the requested incentive will support customer's financial goals over the estimated life of the project (e.g., payback, ROI).
3. Vendor proposals (if applicable), including equipment descriptions, technical details and costs.
4. Estimates of savings, particularly energy savings, showing all calculations and assumptions used to determine project benefits.
5. Describe the proposed measurement and verification protocols that will be utilized in evaluating the effectiveness of the proposed energy efficiency projects.
6. Project schedule showing all significant milestones such as budget approvals, design, equipment purchase, installation, etc.

Description of Energy Efficiency Measures	Annual On-Peak Energy Savings (kWh/year)	Annual Off-Peak Energy Savings (kWh/year)	Lifetime of Measure (years)	Up-Front Cost of Measure (\$)	Annual Cost Savings (\$/year)	Simple Payback (years)

Note:

On-peak energy periods are defined as weekdays, Monday-Friday, between 7:00 a.m. and 11:00 p.m.

Total Cost of Project \$ \_\_\_\_\_

Third Party Funding \$ \_\_\_\_\_

**Incentive Requested** \$ \_\_\_\_\_

Proposed Start Date \_\_\_\_\_

Proposed Completion Date \_\_\_\_\_

*I certify that, to the best of my knowledge, all statements made in this Bid Application Form are true and correct, and all information about the proposed project(s) is representative of the energy efficiency measures my organization expects to implement if NCMPA1 and its Participant awards the requested incentive funding for the proposed project(s). I understand and agree to the Terms and conditions set forth in the Energy Efficiency RFP.*

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Name / Title \_\_\_\_\_ Date \_\_\_\_\_ Signature \_\_\_\_\_