PROCUREMENT
Procurement Process for Facility- and Community-Scale Projects

Step 1: Develop and Issue RFP
Step 2: Make Selection
Step 3: Negotiate Contracts

Potential Project Partners to Procure

- Consider GSA as a resource for procurement: [http://www.gsa.gov/portal/category/20998](http://www.gsa.gov/portal/category/20998)
- Project developer
- Engineering, procurement, and construction (EPC) contractor
- Environmental permits contractor
  - May apply to some community projects, but not to others
Request for Proposals (RFP) Process Outline

1. Develop RFP
   - Timeline: 1 month to 1 year (depends on project scale and site complexity)
   - Who creates the RFP: project leader, contract officer/lawyer, site manager(s), energy manager and technology expert. RFP writers will receive input from utility, tribal leaders, and stakeholders
   - RFP content

2. Issue RFP
   Tribal, federal, and industry networks

3. Administer the RFP
   - Proposal meeting(s)
   - Site tour(s) – can be concurrent with proposal meeting
   - Q&A process – ensure all developers get same information

4. Evaluate Criteria
   - Should be a clear process with well defined criteria
   - Evaluation panel recommended to consist of an odd number of members (typically 3 to 7)

5. Award Contract
   Four approaches
Develop RFP

Key Elements of the RFP

• Type of procurement:
  — Purchase
  — Power purchase agreement (PPA)
  — ESPCs
  — Other finance structure

• Technical specification (scope of work)

• Criteria for evaluating proposals: 3–5 of most important project aspects
  — Proposed project solution that meets specified criteria
  — System performance guarantee
  — Developer experience, track record, and customer satisfaction
  — Developer financial health/longevity
  — Maintenance plan
  — Reasonable timelines
  — Other
Key Elements of the RFP

- Description of RFP administration process
  - Typically 2–5 months
  - Key dates: proposal meeting(s), sites visit(s), proposal due date
  - Description of how questions will be handled and answered

- Defining responsible parties
  - Who is responsible for permits
  - Who is responsible for interconnection agreements
  - Who is responsible for applying for incentives

- Any preferences on parties allowed to submit proposals
  - Small business
  - Minority-owned
  - Other

- Land use agreements
  - Address site access and land use issues as relevant to ownership model
RFP Technical Specifications

Define Scope of Work

• What is the project scale
• Type of renewable energy technology
• Site information:
  – Location
  – Interconnection requirements as known
  – Applicable codes and standards
  – Roof structure, soils, other (as applicable and available)
  – Site prep: fencing, roads, grading limitations, etc.
  – Installation requirements: min/max heights of equipment, vegetation mitigation, design standards for structural/electrical
• Equipment minimum standards and warranties
• Expected minimum performance (recommended) or capacity
• Strategy for training maintenance and operations staff
• Commissioning plan
RFP Evaluation Criteria

Two Typical Approaches

• Best value:
  - Typically 3–5 criteria with weighting based on importance
  - Score proposal on each criteria
  - Somewhat subjective and can lead to contentious, time-consuming evaluations but good method to capture best value

• Low price, technically acceptable
  - Proposals initially stripped of pricing/cost information
  - First evaluation determines proposals that meet technical hurdle
  - Technically acceptable proposal with lowest cost gets award
  - More transparent process but may not capture best value
RFP Award Contract

Four Typical Approaches

1. Award based on proposal: awarded solely on merits of proposal

2. Award with discussion: awarded on proposal but contingent on clarifying discussions

3. Award with discussion and negotiation: awarded on proposal but contingent on further negotiation

4. Award with best proposal:
   - Best proposals are short-listed
   - Short-listed proposals asked for best final proposal revision
   - Award based on final proposal revision
Summary: Project Procurement and Implementation

- Procurement strategy will vary depending on the project scale and financing solution selected
- Increasingly more complex for larger projects
- Post procurement issues are critical as these are very long term assets and relationships
- Save time and money by considering GSA pricing
Activity

- Determining RFP Selection Criteria
- RFP Exercise