FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

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Savannah, Georgia

LAWYER AND CONTRACTING OFFICER MEETING
REVIEWING UTILITY PRICE PROPOSALS
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Hosted by:

[Logo of FEMP (Federal Energy Management Program)]
[Logo of Southern Company]
PRICE PROPOSAL ELEMENTS

When the Feasibility Study (a/k/a Investment Grade Audit) is received, the proposal should reflect:

• A clear understanding of the Government’s requirements:

• Incorporate any changes agreed to during development of the FS, including design.

• The proposal should clearly state that the offer is a firm fixed price to the Government.
• The proposal should clearly define the roles and the depth of direct involvement in the project of both the Utility and the ESCO.

• The Utility and the ESCO will each present its direct costs and indirect costs for project support.

• Indirect costs include OH, Profit, and other costs (G&A) pertaining to daily operation of business.
DUPLICATION OF EFFORT

MARK UPS ARE TO BE EXPECTED FROM EACH LAYER OF PARTICIPATING CONTRACTORS.

• In review of the proposal, ensure that direct costs and not also included in indirect costs

• If there appears to be functions of work at a subcontractor level also being performed at the ESCO or Prime level, it is okay to ask questions/clarifications – negotiable area
LIFE CYCLE COST ANALYSIS

• In making a decision for the selection of ECMs, a life cycle cost analysis shall be made:
• Consider the useful life of the ECM equipment
• Does it make economical sense to invest in an ECM, considering material and installation costs, O&M, and cost of financing?
• Perform analysis using recognized software
PROPOSAL ATTACHMENTS

• PLANS, DRAWINGS, SPECIFICATIONS, DESIGN DOCUMENTS, SCHEDULE FOR INSTALLATION OF ECMS. DESIGN TYPICALLY COMPLETED OR NEARING COMPLETION.

• PERFORMANCE ASSURANCE PLAN

• AMORTIZATION SCHEDULE (READY TO FINALIZE)
COMPETITION AMONG SUBCONTRACTORS

• The proposal should provide clear evidence of competition for each ECM.

• Should be able to see that each subcontractor is bidding on the same scope of work.

• Utilities may provide this as a table showing each subcontractor’s bid, and identify the subcontractor selected.
THE VALUE OF COMPETITION

• When two or more contractors are competing for the same scope of work, the result is that each competitor will offer its best pricing in order to obtain a contract award.

• The Contracting Officer can more easily make a determination of fair and reasonable pricing.
• Competition is required by the GSA Areawide contract
• Lack of competition may require revision to the final proposal, adding unnecessary delays in awarding a contract
• Contractor will need to provide breakdown of pricing similar to that of cost and pricing data
• Could result in Government walking away from awarding a contract
WIN - WIN

• When the Utility and its ESCO (if used) present a clear picture of the competitive processes used, the Government can move quickly to accept the pricing as fair and reasonable.

• The Utility reduces is load demand and the Government reaps the benefit of reducing energy consumption at facilities.