

ESPC ENABLE

Best Practices for Drafting a Notice of Opportunity

June 2018



General Best Practices for an Effective NOO

- Use the ENABLE Notice of Opportunity (NOO) Template!
<https://www.energy.gov/eere/femp/downloads/espc-enable-request-quotenotice-opportunity-template>
- Involve your FEMP Federal Project Executive in drafting the NOO
- Keep NOO as broad as possible to allow ESCO to propose comprehensive, innovative solutions using standard ECMs.
- Ask ESCOs to provide examples of familiarity with any non-standard (“hybrid”) ECMs you would like to consider
- Identify two or three site-specific needs or wish-list items, such as renewable ECMs. ESCO responses will allow agencies to match ESCO capabilities with site needs.

General Best Practices (cont.)

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)
- The ESCO's approach to developing energy baselines and the M&V approach for this project

Evaluation Factors and Selection Criteria

- **Each ESCO response must address the ESCO's Qualifications, Past Performance, and a Price Component, plus any other requirements the agency deems necessary**, such as experience working with local subcontractors; or, where applicable, experience with projects in coastal, maritime and/or island locations.
- **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.
- **Weight Qualifications more heavily than Past Performance**, because ENABLE is still a relatively new program and not all ESCOs will be able to report Past Performance under ENABLE

Evaluation Factors and Selection Criteria (cont.)

- **Weight the Price Component less heavily than ESCO Qualifications.*** ESCO has not yet walked the facility(ies) and can only rely on the data provided with the NOO.
- **Require ESCO to demonstrate ability to obtain low-cost financing, reflecting:**
 - Interest rate index and spread of last 3 projects, with term and size of loan
 - Whether ESCO has Master Purchase Agreement with at least one financier
 - Any credit ratings issued by Moody's, S&P, or Fitch
 - Whether ESCO is covered under a parent company guarantee
 - Who underwrites ESCO's performance/payment bond, and that firm's credit rating

**See end of Slide 6 for exception.*

Evaluation Factors and Selection Criteria (cont.)

- **More Best Practices for Price Component:**
 - For the ECMs likely to be included in project, require ESCO to estimate the extent to which work will be self-performed vs. subcontracted (%)
 - Require ESCO to describe methods, procedures used to obtain competitive prices on ECMs and financing
 - Projects with a single or predominant ECM can select ESCO based on anticipated project price by including price component of unit installed cost, e.g., \$/kWh for solar PV, or \$/installed LED fixture. In these cases, weight price component more heavily.