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## **Module H**

### **Phase 3 – Project Development**

#### **Overview of Process:**

**Investment-Grade Audit (IGA) and Proposal  
Through Negotiations and TO Award**



# Phase 3: Project Development



- ★ Draft and issue TO RFP
- ★ IGA Kickoff Meeting
- ☐ ESCO Conducts IGA
  - ☐ ESCO Develops–Submits Proposal
  - ★ Proposal Review
    - ☐ Revisions
    - ★ ☐ Final Negotiations
    - ★ Award

## Key

- ★ Agency Action
- ☐ ESCO Action

# Milestones in the ESPC Process



• Acquisition Planning	Phase 1
• ESCO Selection	2
• Preliminary Assessment	2
• Notice of Intent to Award	2
• Request for Proposal	3
• Investment-Grade Audit	3
• Proposal	3
• Task Order Award	3
• Final Design and Construction	4
• Project Acceptance	4
• Post-Acceptance Performance Period	5

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## The Task Order RFP (TO RFP)

- Purpose: Incorporate site-specific requirements into TO by modifying, adding to, or deleting IDIQ contract terms
- One RFP issued by agency only to selected ESCO – results in one proposal
  - Many IDIQ clauses call for specifics to be spelled out in TO-RFP
  - TO-RFP can add requirements not addressed by IDIQ
  - TO-RFP language supersedes IDIQ language

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## TO RFP Template

- The TO-RFP template lists IDIQ sections that require additions or amendments to specify agency-, site-, or project-specific requirements
- Minimizes time and effort required for TO RFP development
- Template follows numbering of IDIQ
- Your Project Facilitator will help draft the RFP

# One Section From TO RFP Template: C.21

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## C.21 SECURITY REQUIREMENTS

***Specify any different or additional site- or agency-specific safety requirements. Consider local process and requirements.***

- [ ] IDIQ language is acceptable.
- [ ] IDIQ language is acceptable, with the noted additional requirements.
- [ ] Replace the IDIQ language as noted.

C.21.1 Passes and Badges - All contractor employees shall obtain employee and vehicle badges and passes, as required by the agency, for the specific TO project site prior to the start of on-site work. The agency will issue badges it requires, without charge, and the badges must be worn, clearly visible, by the employees at all times while on site. When an employee leaves the contractor's service, or when access is no longer required, the employee's pass and badge shall be returned in accordance with agency requirements.

C.21.2 Contractor Vehicles - Each contractor vehicle shall display the contractor's name such that it is clearly visible. The agency may issue vehicle passes as it determines, and these shall also be displayed so as to be clearly visible.

C.21.3 Contractor Access to Buildings - It shall be the contractor's responsibility, through the agency, to obtain access to buildings on the TO project site.

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## The TO RFP Will Evolve With the Project

- Before the TO RFP is incorporated into the task order, it must be revised to incorporate negotiated changes in the IGA and/or proposal resulting from ongoing discussions (and informal negotiations).

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## Consult the Resident Experts

Those developing the TO RFP must consult with their site support organizations in order to properly identify and address the site's requirements in the TO RFP.

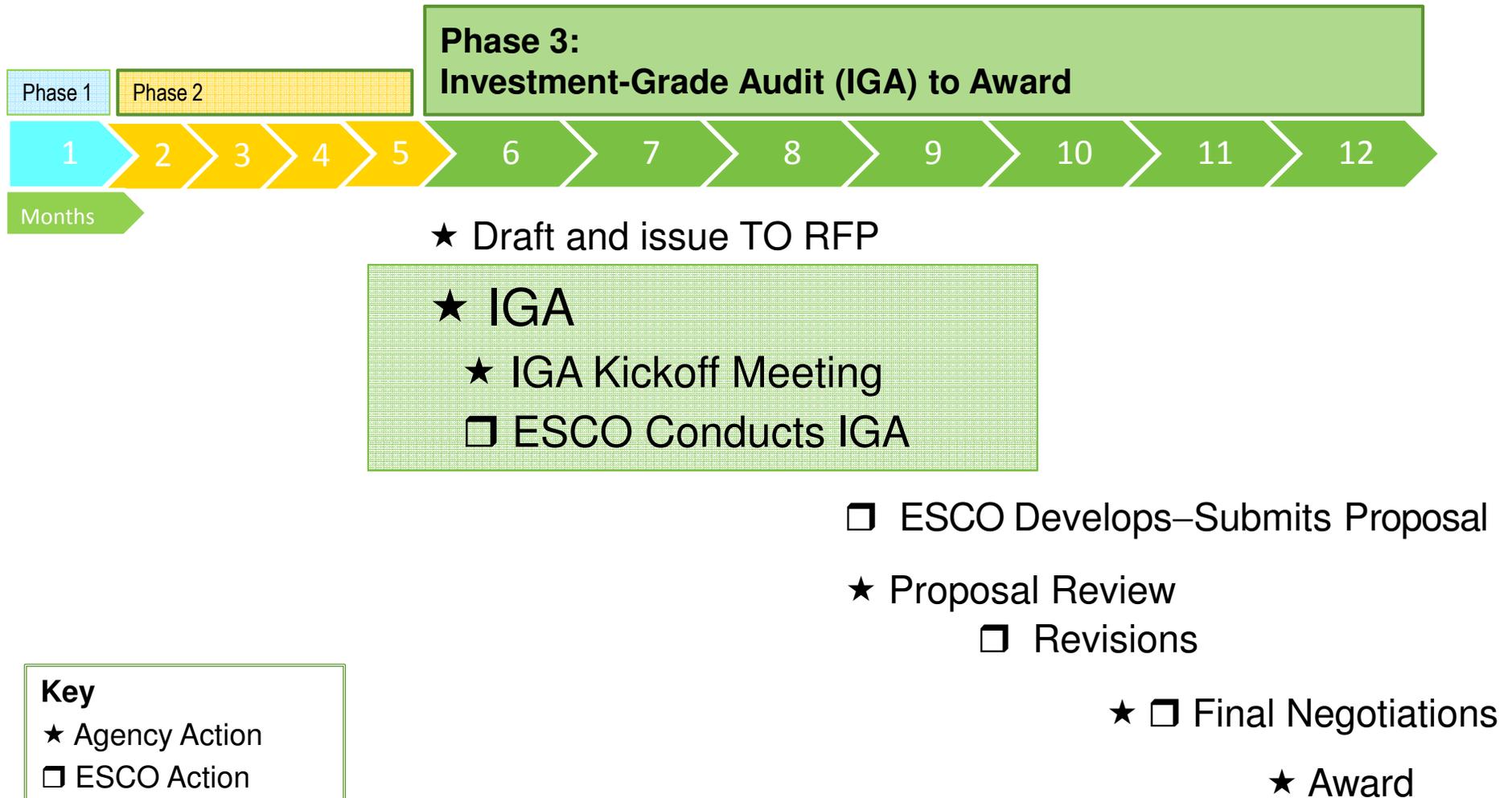


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# Investment-Grade Audit



**Key**  
 ★ Agency Action  
 □ ESCO Action

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## The Investment-Grade Audit (IGA): The Basis for the Proposal

- Augments, refines, and updates the PA data
- Establishes energy and O&M baselines
  
- Some IGA findings may differ from agency expectations and from assumptions in PA

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## Kickoff Meeting for IGA

- Kickoff is hosted by site, facilitated by PF
- A true partnership between the agency and ESCO from this point forward is necessary to develop the best possible project
- Agency should share all relevant information with ESCO
  - Tell the ESCO what you want
  - The more detail the ESCO has, the better he can address agency's needs



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## Kickoff Meeting Agenda Items

- Introduction of new staff
- Milestones and schedule through TO award
- Access and security procedures
- Communication protocols
- Requirements for IGA report and proposal (e.g., content, level of detail)
- Agency/site-specific requirements in TO RFP

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## At a minimum the kickoff meeting should ensure that agency and ESCO agree on:

- The schedule going forward
- Buildings included in scope
- Required ECMs
- General O&M approach
- General M&V approach
- Commissioning

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## IGA Process and Best Practices

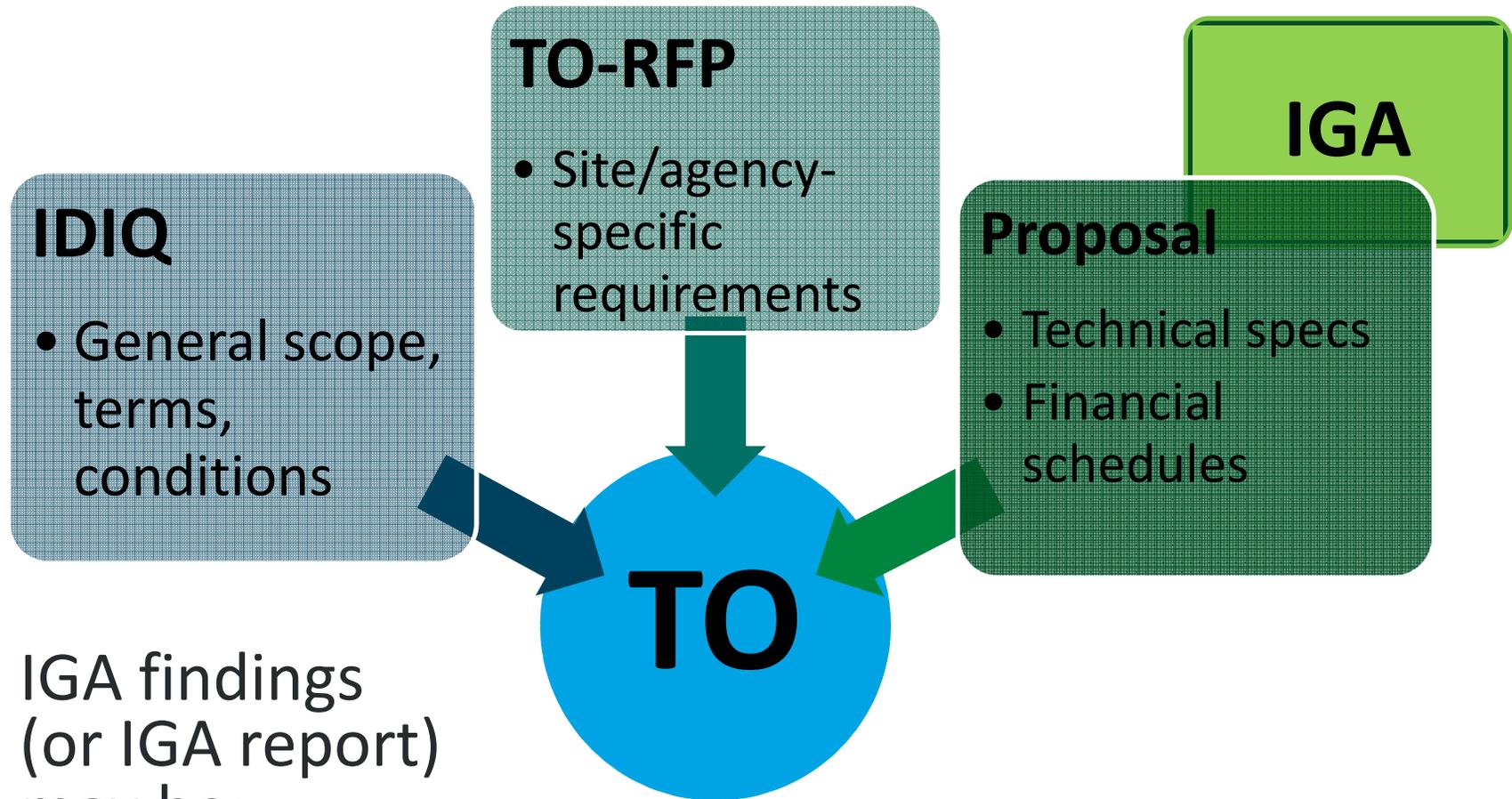
- Agency facilitate site access for multiple ESCO site visits
  - Have site experts available
- Bi-weekly meetings of ESCO and agency during the IGA can keep all parties on the same page
- Agency should continue to share any new or changed information with ESCO
  - Scope revisions; problems and opportunities

# Milestones in the ESPC Process



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# IDIQ + TO RFP + Proposal = Task Order



- IGA findings (or IGA report) may be:

- submitted and reviewed as part of the proposal , or
- submitted separately, before the proposal, and reviewed separately

# Proposal



## Phase 3: Investment-Grade Audit (IGA) to Award

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### Key

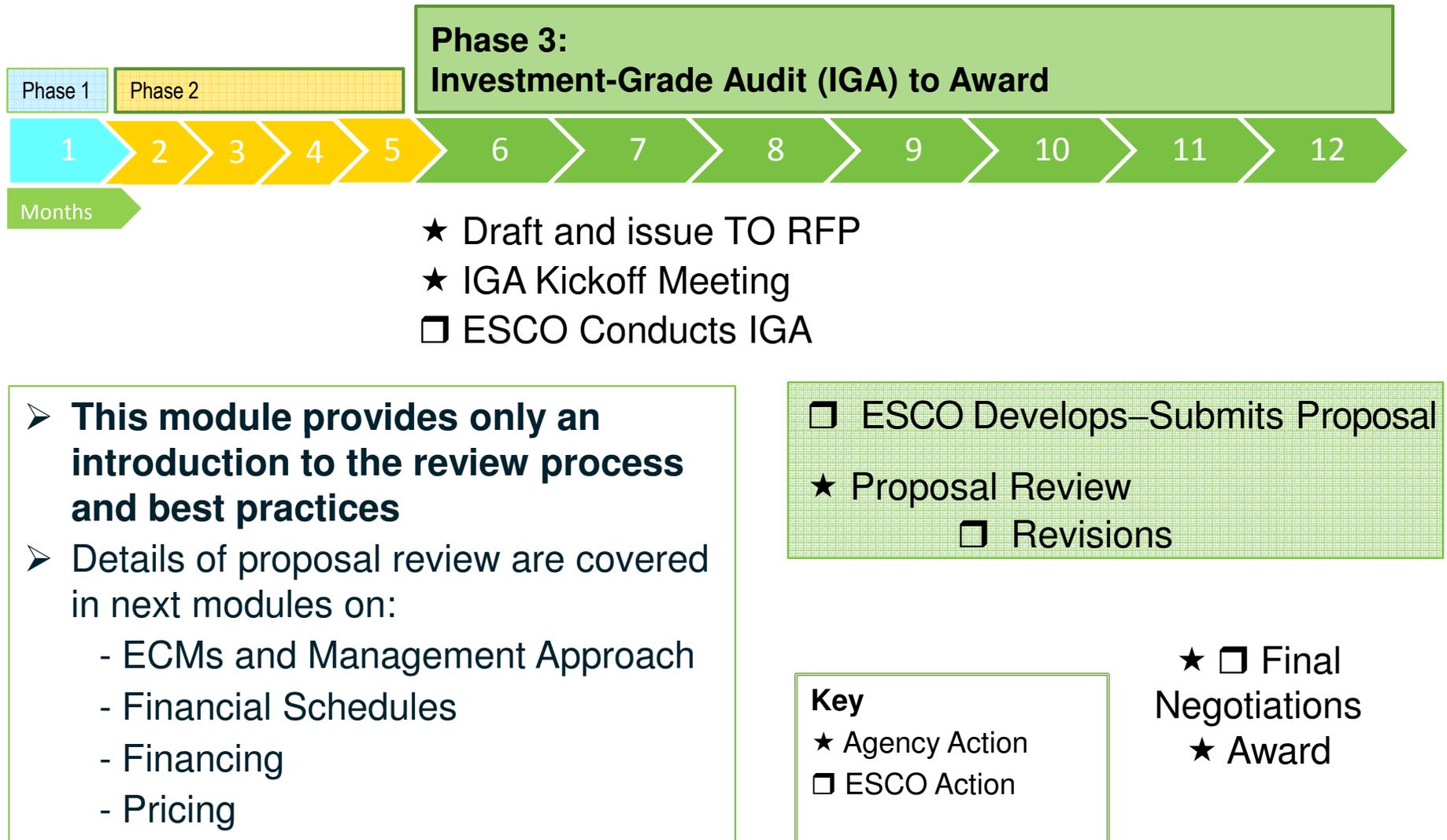
- ★ Agency Action
- ☐ ESCO Action

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## Proposal: Basis for Negotiating the TO

- The proposal integrates
  - IGA findings (Technical Proposal)
  - Requirements of TO RFP and IDIQ
  - Financial (TO) schedules (Price Proposal)
- Negotiations to achieve agreement on the task order are based on the proposal and any other post-IGA submittals.
- Proposal contents are per IDIQ H.6

# Agency Review of Proposal – Introduction



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## Review of Proposal and IGA Findings

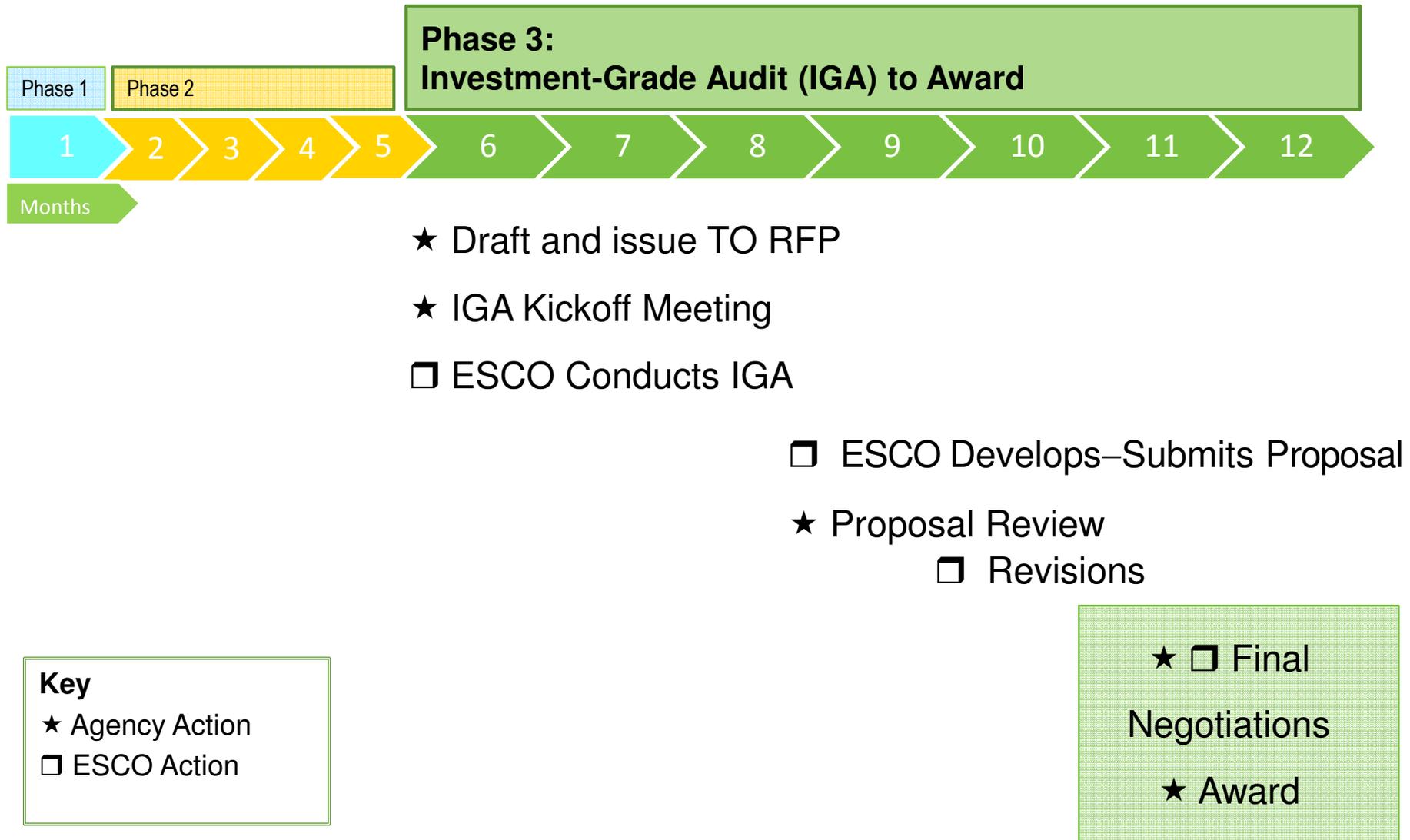
- Don't be confused about ESPCs –  
**Agency must review every word of contract before awarding:**  
Proposal – IGA – TO RFP – IDIQ
- Revisions will likely be necessary before award
  - Agency comment ➡ ESCO response ➡ Resolution
  - Require ESCO to show/track required changes in revised version(s) of proposal

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## Review Process and Best Practices

- Convene the evaluation team
  - Assign parts of proposal to appropriate personnel
- Establish process and schedule with team and ESCO
- Assign appropriate priority and resources to review tasks
- Deliver on schedule (Don't incur costs for delays!)
- Use your PF and FEMP ESPC resources
- COs: Think ahead to approval process

# Final Negotiations to Award

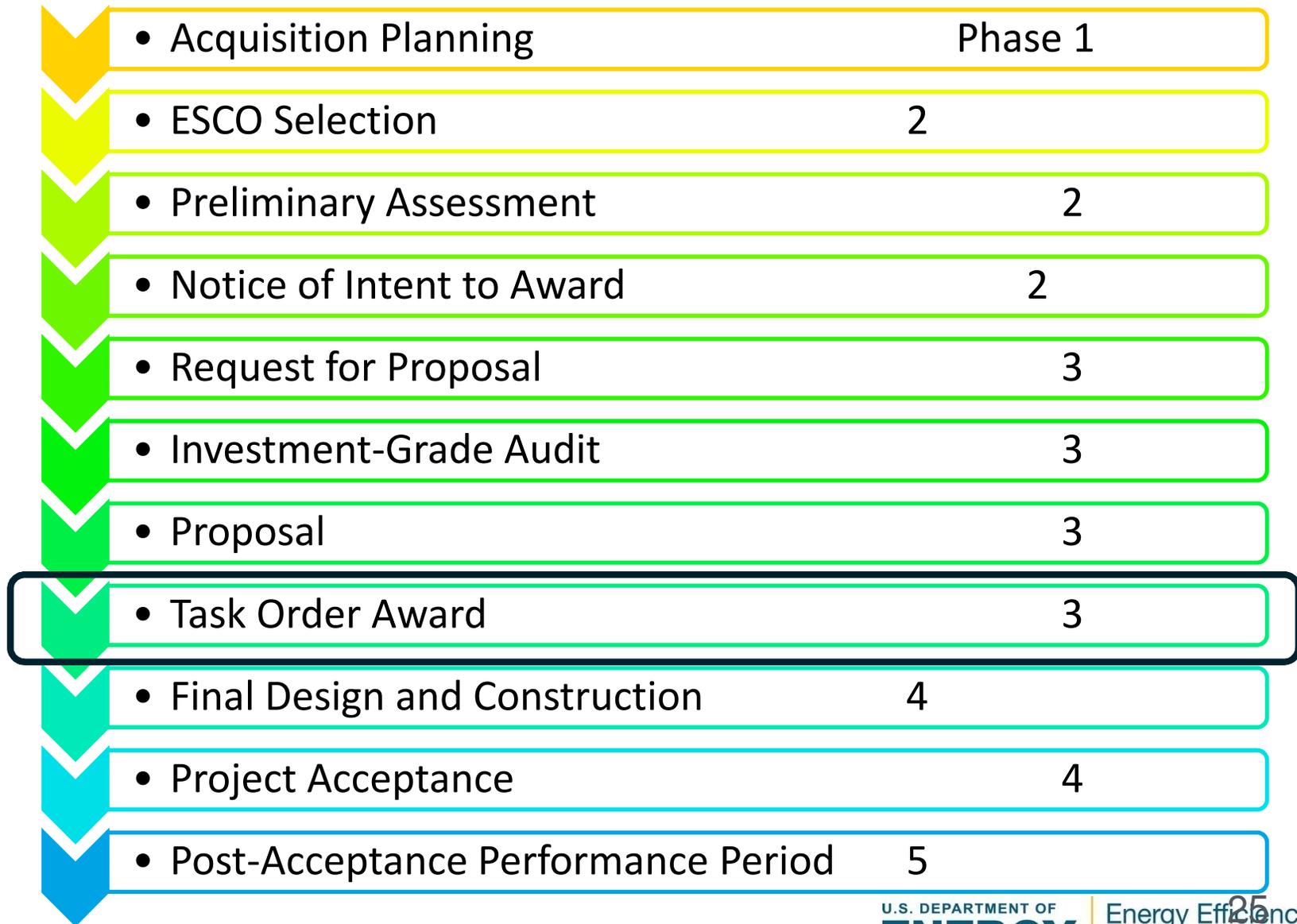


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## Negotiations/Reviews: Proposal → Task Order

- For the CO, negotiations for a firm-fixed-price ESPC task order are essentially the same as any other price negotiation
  - Review of proposal (revisions as necessary)
  - Revision of TO RFP to capture all negotiated changes
  - Agreement on TO (financial) schedules
- ***Remember — no action is an action.***

# Milestones in the ESPC Process



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## Preparing for Award



- Pre-award requirements met?
  - Financing and bonding (as required)
  - Negotiations in good faith
- Contract clearance reviews
- Obtain approvals and complete file documentation consistent with agency procedures
- Get authorization from DOE Golden CO

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## Award of Task Order

- TO is signed and awarded by the agency CO
- TO incorporates the IDIQ contract
- Award document consists of:
  - Agency's task order document
  - TO RFP, revised per negotiations
  - ESCO's (revised) proposal
  - Subcontracting plan

# Review

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Q1: How are site-specific requirements (such as invoicing procedures) made part of the TO?

A: Through the TO-RFP

Q2: Name 3 agenda items for the IGA kickoff meeting.

- Establish milestones and TO award schedule
- Review requirements for submission of proposal (e.g., content, level of detail)
- Review access and security procedures
- Clarify agency/site-specific requirements
- Establish communications protocols
- Introductions of new personnel

# Review

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Q3: What activity establishes the baselines?

A: The investment-grade audit (IGA)

Q4: What are the 3 main parts of the TO award?

A: IDIQ, TO-RFP, and Proposal.

Q5: Will the TO-RFP require revision before the final award?

A: Yes

Q6: Who has the authority to award the task order?

A: The Agency CO

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**Next: Module I**  
**Review of the Proposal – ECMs and Management Approach**  
**(The Technical Proposal)**



Lassen National Park Visitors Center

H-30