

Date: September 29, 2015

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: **Energy Efficiency Program –
Authorization to Expand Program Funding and
Award Services Contracts to Support the Program**

SUMMARY

The Trustees are requested to approve additional funding in the amount of \$600 million, in aggregate, for the Governmental Customer Energy Efficiency Program (“GCEEP”) and the Statewide Energy Efficiency Program (“Statewide EEP”) to support additional future energy efficiency projects for eligible program participants across New York State (“NYS”). The increased funding would be in addition to the \$2.33 billion and \$950 million previously approved by the Trustees for the GCEEP and Statewide EEP, respectively. These funds will bring the GCEEP to \$2.73 billion and Statewide EEP to \$1.15 billion.

The Trustees are also requested to authorize the award of contracts (as described below) to seventeen firms to provide investment grade audit (“IGA”), design, engineering, procurement, and installation services. The aggregate total for all seventeen contracts is \$600 million. The term of each contract will be three years with the option of two, one-year extensions. These seventeen contracts will be used to support both GCEEP and Statewide EEP, and funding of these contracts will be allocated from the aforementioned \$2.73 billion GCEEP and \$1.15 billion Statewide EEP. These funds will generally be recovered directly from program participants except for certain types of grants.

BACKGROUND

In December 1997, the Trustees approved initial funding of \$30 million under the Statewide EEP to support energy projects for program participants throughout New York State, not including New York City and Westchester County governmental customers. Subsequent requests for funding were approved in an aggregate amount of \$920 million to support projects under the Statewide EEP for a total of \$950 million. In addition, in June 2005, the Trustees approved initial funding of \$500 million under the GCEEP to support energy projects for the Authority’s governmental customers located in New York City and Westchester County. Subsequent requests for funding were approved in an aggregate amount of \$1.83 billion to support projects under the GCEEP for a total of \$2.33 billion.

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval of procurement contracts involving services to be rendered for a period in excess of one year. In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personnel services or equipment contracts in excess of \$3 million require the Trustee approval.

To meet the goal of increasing energy efficiency set forth in Executive Order 88, Governor Andrew Cuomo launched “Build Smart NY,” emphasizing cost-effective improvements for energy savings. Build Smart NY also supports the Governor’s economic development goals to accelerate energy efficient projects that will create jobs and improve infrastructure within the State. The addition of funding and new contracts will enhance the Authority’s Energy Efficiency Programs and further support the Governor’s Executive Order 88 (EO88) initiatives.

DISCUSSION

The Energy Efficiency Program provides energy efficiency and renewable energy services to customers meeting the eligibility criteria under the Public Authorities Law, Section 1005. Energy efficiency services provided through the Energy Efficiency Program include IGA, design, engineering, procurement, and installation services related to a wide variety of energy technologies and renewables.

The Authority is expanding its offerings to program participants by offering flexible service delivery models and additional customer services, including stand-alone audits and operation and maintenance services. The additional funding will support the Authority as it expands its GCEEP and Statewide EEP offerings.

On April 21, 2015, the Authority advertised a Request for Proposals (“RFP”) (Inquiry Q15-5881LW) in the New York State *Contract Reporter*, soliciting firms interested in providing expedited implementation services including, but not limited to, the development, design, engineering, construction, and management of energy, resiliency, reliability, or sustainability related projects and programs in support of the New York Power Authority energy efficiency services program . The following are the regions defined in the RFP:

- ❑ Region 1 – Central New York Region which includes the following counties: Broome, Cayuga, Chemung, Chenango, Cortland, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Schuyler, Seneca, Tioga, Tompkins, and Yates.
- ❑ Region 2 – Long Island which includes Nassau County and Suffolk County.
- ❑ Region 3 – New York City Region which includes the following counties: Bronx, Kings, New York, Queens, and Richmond.
- ❑ Region 4 – Northern New York Region which includes the following counties: Albany, Clinton, Columbia, Delaware, Essex, Franklin, Greene, Hamilton, Herkimer, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, St. Lawrence, Sullivan, parts of Ulster, Warren, and Washington.
- ❑ Region 5 – Southeastern New York Region which includes the following counties: Dutchess, Orange, Putnam, Rockland, Sullivan, and parts of Ulster.
- ❑ Region 6 – Western New York Region which includes the following counties: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Steuben, Wayne, and Wyoming.
- ❑ Region 7 – Westchester County Region

In response to the advertisement and invitation to bid, there were 235 downloads of the RFP from the Authority’s website. On June 18, 2015, twenty (20) firms submitted bids for the Energy Efficiency programs. The bids were reviewed by an evaluation committee comprised of

Energy Efficiency, Customer Energy Solutions, and Procurement representatives. The bids were evaluated based upon the following criteria detailed in the RFP:

- ❑ Quality and completeness of submittal – required documents submitted and understanding of the scope-of-work;
- ❑ Relevant experience – firm’s project history and experience;
- ❑ Proposed project team and staffing – qualifications of the firm’s staff, overview and contracting capabilities, and ability to meet M/WBE goals;
- ❑ Reference checks - validation of the claims.

Commercial evaluations of all bids were conducted by Procurement to ensure the firms’ financial viability and determine if any exceptions requested were acceptable.

Based upon a thorough evaluation of the proposals, reference checks, and evaluation scores, Authority staff recommends the award of contracts to the following seventeen (17) bidders for a term of three years with the option of two, one-year extensions: AECOM USA, Inc., ARCADIS of New York, Inc, Bette & Cring, LLC, CDM Constructors, Inc., Dynamic Mechanical Contractors, Inc., Ecosystem/LiRo Energy Group II JV, ENERActive Solutions, LLC, The Fulcrum Group, Genesys Engineering, P.C., Johnson Controls, Inc., JW Danforth, NRG Energy, Inc., PRES Services, LLC, RCM Technologies, SmartEdge, Inc., Wendel Energy Services, LLC, and Willdan Energy Solutions. Allocation of funding will be made based upon successfully responding to bid solicitations on a per project basis.

FISCAL INFORMATION

The additional funding will be provided from the Authority’s operating funds and/or from the proceeds of the Authority’s Commercial Paper Notes or other financing instruments, as deemed appropriate. In addition, projects may be funded, in part, with monies from Petroleum Overcharge Restitution (“POCR”) funds. Funding will be allocated as projects are assigned based on each firm’s performance and workload, subject to the Approval Limits for Execution of Commitments in the Authority’s Expenditure Authorization Procedures. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR and certain types of grants, will be recovered.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency, the Vice President of Customer Energy Solutions, and the Senior Director/Acting Vice President of Energy Efficiency recommend that \$400 million in additional funding for Governmental Customer Energy Efficiency Program (“GCEEP”) and \$200 million in additional funding for Statewide Energy Efficiency Program (“Statewide EEP”) be approved. It is also recommended that the seventeen (17) contract awards be approved in the aggregate amount of \$600 million for a term of three years with the option of 2 one-year extensions to the following firms: AECOM USA, Inc., ARCADIS of New York, Inc, Bette & Cring, LLC, CDM Constructors, Inc., Dynamic Mechanical Contractors, Inc., Ecosystem/LiRo Energy Group II JV, ENERActive Solutions, LLC, The Fulcrum Group, Genesys Engineering, P.C., Johnson Controls, Inc., JW Danforth, NRG Energy, Inc., PRES Services, LLC, RCM Technologies, SmartEdge, Inc., Wendel Energy Services, LLC, and Willdan Energy Solutions.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer



RESOLUTION

RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President – Economic Development and Energy Efficiency, the Vice President – Customer Energy Solutions, the Senior Director/Acting Vice President – Energy Efficiency, and/or such officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority, the Governmental Customers Energy Efficiency Program (“GCEEP”) and the Statewide Energy Efficiency Program (“Statewide EEP”) participants and to execute agreements and other documents with contractors, these agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive President and General Counsel, to facilitate the implementation of the GCEEP and Statewide EEP that the authorized funding level be increased by \$400 million and \$200 million, respectively, as listed below:

<u>Commercial Paper Program / Operating Fund / POCR</u>	<u>GCEEP Authorization</u>	<u>Statewide EEP Authorization</u>
Previously Authorized	\$2.33 billion	\$950 million
Additional Funding	<u>\$400 million</u>	<u>\$200 million</u>
Total Amount Authorized	<u>\$2.73 billion</u>	<u>\$1.15 billion</u>

AND BE IT FURTHER RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, an aggregate \$600 million be allocated among the two programs, GCEEP and Statewide EEP, to perform expedited implementation services which includes investment grade audit (“IGA”), design, engineering, procurement, and installation services:

<u>Commercial Paper Program/ Operating Fund/POC</u>	<u>Ceiling</u>	<u>Termination Date</u>
AECOM USA, Inc., ARCADIS of New York, Inc, Bette & Cring, LLC, CDM Constructors, Inc., Dynamic Mechanical Contractors, Inc., Ecosystem/LiRo Energy Group II JV, ENERActive Solutions, LLC, The Fulcrum Group, Genesys Engineering, P.C., Johnson Controls, Inc., JW Danforth, NRG Energy, Inc., PRES Services, LLC, RCM Technologies, SmartEdge, Inc., Wendel Energy Services, LLC, and Willdan Energy Solutions.	\$600 million (Aggregate)	September 28, 2020

AND BE IT FURTHER RESOLVED, That the Authority’s Commercial Paper Notes, Series 1, Series 2 and Series 3, and Operating Fund monies may be used to finance GCEEP and Statewide EEP cost; and be it further

RESOLVED, That the Vice President – Customer Energy Solutions and the Senior Director/Acting Vice President – Energy Efficiency are authorized to determine which projects will be deemed to be energy efficiency projects within the meaning of Section (7) of Part P of Chapter 84 of the Laws of 2002 (the “Section (7) POCR Legislation”) to be funded, in part, with Petroleum Overcharge Restitution (“POCR”) Funds allocated pursuant to the Section (7) POCR Legislation; and be it further

RESOLVED, That POCR funds allocated to the Authority by the Section (7) POCR Legislation may be used to the extent authorized by such legislation, in such amounts as may be deemed necessary or desirable by the Senior Vice President – Economic Development and Energy Efficiency, the Vice President – Customer Energy Solutions, and Senior Director/ Acting Vice President – Energy Efficiency to finance projects within both Energy Efficiency Programs; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.