Willingboro Municipal Utilities Authority
ENERGY SAVINGS IMPROVEMENT PROGRAM

Request for Proposals
to Select an Energy Services Company to Develop and Implement an Energy Savings Plan for the Willingboro Municipal Utilities Authority

PROPOSALS RECEIVED December 29, 2017

EVALUATION REPORT

Prepared for: The Willingboro Municipal Utilities Authority

Prepared by: WMUA Finance Director with the assistance of The Willingboro MUA's Evaluation Team

Dated: June 15, 2018

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Appendices

List of Abbreviations and Acronyms

BMS	building management system
BTU	British Thermal Unit
CHP	Combined Heat and Power
CO_2	carbon dioxide
CSP	Curtailment Service Provider
DDC	direct digital control
DR	demand response
DHW	domestic hot water
DOE	Department of Energy
DPMC	Division of Property Management and Construction
ECM	energy conservation measure
ESCO	energy services company
ESP	energy savings plan
ESIP	energy savings improvement program
GC	general contractor
GHG	greenhouse gas
IGEA	Investment Grade Energy Audit
IPMVP	International Performance Measurement and Verification Protocol
kW	kilowatts
kWh	kilowatt hours
LGEA	local government energy audit
mmBTU	Million BTU
MUA	Municipal Utilities Authority
M&V	measurement and verification
NJ BPU	New Jersey Board of Public Utilities
O&M	operations and maintenance
P4P	Pay For Performance
RFP	request for proposal
sq ft	square feet
WMUA	Willingboro MUA

Executive Summary

A. Background:

This Report is being provided pursuant to the requirements of the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) and Energy Savings Improvement Program Law (P.L. 2009, c.4 N.J.S.A. 40A:11-4.6.).

The goal of the Willingboro MUA ("WMUA" or "MUA") in administering the Energy Savings Improvement Program (ESIP) is to implement an energy efficiency project that is environmentally responsible and economically beneficial to the MUA.

The ESIP will be designed to conserve energy and improve energy efficiency within the specified facilities through the implementation of energy conservation, capital improvements, and other measures ("Energy Conservation Measures" or "ECMs"). The ECMs are financed in such a way that the verified energy cost savings that result from implementation of the ECMs exceeds the debt service payments so that savings are realized throughout the term of financing.

To this end, on November 22, 2017, the Willingboro MUA issued a Request for Proposals ("RFP") to select an Energy Services Company (ESCO), certified by the New Jersey Department of Treasury, Division of Property Management and Construction, to develop a comprehensive, customized Energy Savings Plan (ESP) that can be implemented through a performance-based ESIP. The ESP would administer the RFP, evaluate proposals received in response to the RFP, recommend a successful respondent ("Successful Respondent"), and pass a resolution to award an Energy Service Agreement to the Successful Respondent.

It is the MUA's intent to develop and finance energy efficiency upgrades at the following facilities totaling approximately 29,445 Sq. Ft.: WMUA Administration Office; Water Treatment Plant; Pollution Control Plant; Well Pumps; Water Tanks and Pump Stations;

The purpose of this Report is to provide the Willingboro MUA with a background of the RFP process and an evaluation of the proposals received. The Report serves to recommend the proposal that provides the best overall value to the MUA based on the evaluation criteria provided.

B. Proposal Evaluation and Selection:

To evaluate the received proposals, the MUA organized an evaluation team (Evaluation Team) comprised of: Webster Evans, MUA Commissioner and Vice Chair, Clayton Sills, MUA Commissioner, Diallyo Diggs, MUA Finance Director, Andrew Weber, MUA Executive Director and Emmanuel Stuppard, Plant Operations Director. The Team also consisted of Thomas Leisse of Pennoni Associates, Bojan Mitrovic of Gabel Associates, the energy consultant to the MUA, and Ryan Scerbo, Esq., of Decotiis, Fitzpatrick, Cole & Giblin, LLP, special counsel to the MUA.

Some members of the Evaluation Team also assisted in developing and implementing the RFP and administering the procurement process. As part of this effort and in compliance with the competitive contracting pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-4.1 et. seq., the Evaluation Team conducted a comprehensive evaluation of the proposals received in response to the RFP based on price and other factors.

Under the RFP, the MUA retains sole discretion to select an ESCO.

This procurement and evaluation process was undertaken in accordance with the competitive contracting provisions of the Local Public Contracts Law pursuant to (i) Division of Local Government Services (DLGS) Local Finance Notice 2009-11, dated June 12, 2009, Implementing an Energy Savings Improvement Program P.L. 2009, c.4, as amended by P.L. 2012, c. 55 and specifically sections 1 through 5 of P.L.1999, c.440, as amended.

C. Evaluation Criteria:

The Evaluation Team undertook a legal, economic, and technical review of the proposals to assess them in accordance with the Evaluation Criteria and Matrix set forth in the RFP.

At the core of the MUA's evaluation is fully understanding the qualifications and having strong confidence in an ESCO's financial strength, project team, project references, financial terms and fees. Of additional importance is the ESCO's stance on vendor neutrality. Being that many energy performance contracting firms also manufacture and produce equipment that may be used by the MUA, it is important that an ESCO remain vendor neutral so that it chooses the equipment best suited to meet the Willingboro MUA's needs.

After reviewing all aspects of the submitted proposals, the Evaluation Team conducted interviews with Respondents in accordance with the terms of the RFP. The evaluation of the proposals and the interview were conducted in accordance with the Evaluation Matrix that has a total potential score of 100.

Proposals were evaluated and scored on the basis of the following criteria:

1.	**Company Overview and Qualifications**	**20 Points**
2.	**Approach to ESP Development & Implementation**	**25 Points**
3.	**Ability to Implement Project**	**15 Points**
4.	**Project Comprehensibility & Energy Savings Projections**	**25 Points**
5.	**ESCO Fees Proposal**	**15 Points**
	Total	**100 Points**

D. Evaluation Summary and Recommendation:

On December 29, 2017 the Willingboro MUA received proposals from two (2) respondents ("Respondent(s)") to the RFP from the following qualified Energy Service Companies:

- DCO Energy, LLC;
- Schneider Electric.

Each Respondent went through a full technical and economic evaluation and each attended an oral interview hosted and conducted by the Evaluation Team.

The Evaluation Matrix below outlines the scoring of each Respondent in each of the 5 evaluation criteria.

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
1 Company Overview & Qualifications	20 points	19	18
2 Approach to ESP Development and Implementation	25 points	24	25
3 Ability to Implement Project	15 points	14	15
4 Project Comprehensibility and Savings Projections	25 points	23	25
5 ESCO Fee Proposal	15 points	15	14.08
Total	**100**	**95**	**97.08**

With respect to the fee proposal, the table below summarizes the total fee mark-up proposed by each Respondent as provided in Form V of the RFP. The total fee mark-up is expressed as a percentage of the hard costs associated with the ESP and is inclusive of the ESCO's project service fees including: Investment Grade Energy Audit (IGEA); Construction Management and Project Administration; System Commissioning; Training; and ESCO overhead, and profit.

DCO Energy	Schneider Electric
29.8%	31.75%

Appendix 1 provides a detailed breakdown of the proposals that were submitted on Form V by the Respondents.

In summary, each Respondent presented that they are highly qualified energy performance contractors with the necessary engineering, project management resources and financial capability to successfully complete an ESP through an ESIP project. However, based on the results of the evaluation matrix, it is the recommendation of the Evaluation Team that Schneider Electric's Proposal be accepted and awarded as the successful ESCO to the Willingboro MUA.

Schneider's Proposal demonstrates a financially strong public company with considerable experience, local presence, and a comprehensive approach. In addition to innovative ECMs, a significant training component, marketing initiative, and community outreach, Schneider's Proposal also provides competitive pricing and no termination values or risk. The "no termination risk" element has 2 important components; fees charged to the MUA related to the IGEA in the event the MUA elects not to proceed with the project, and; project costs that exceed the budgets set forth in the IGEA following the public procurement process. Schneider Electric will not charge any fees following completion of the IGEA if the MUA elects not to proceed with the ESIP. Schneider also confirmed that the budgets outlined in the IGEA audit would be not-to-exceed costs, whereby if the total project cost following the public procurement exceeded the budgets established, Schneider would cover the shortfall. Furthermore, if the final project costs should be procured at less than the IGEA budget, the savings would belong solely to the Willingboro MUA.

The measures included in Schneider's proposal were innovative and the project team was knowledgeable on all relevant subject matters, especially with respect to process operations of water treatment and wastewater treatment plants as well as water distribution. Therefore, it was determined that Schneider's proposal is the most advantageous to the Willingboro MUA.

Based on the reasons set forth in this Evaluation Report, the Evaluation Team recommends that the Willingboro MUA proceed with Schneider Electric as the Successful Respondent.

Overview of RFP

On November 22, 2017, the Willingboro MUA issued an RFP to select an Energy Services Company (ESCO) to develop and implement an Energy Savings Plan (ESP) through an Energy Savings Improvement Program (ESIP). The MUA expects that the awarded ESCO will propose financing arrangements to fund energy conservation improvements through contracts in which the costs of the improvements are supported (and exceeded) by the savings produced by the improvements. The MUA issued this RFP with the goal of selecting the most qualified ESCO for the purpose of obtaining the maximum amount of energy savings and energy improvements, as permitted by law.

As required by the ESIP process, the RFP was reviewed and approved by the Board of Public Utilities prior to its issuance.

The RFP contained a preliminary feasibility assessment performed by TRC as part of the BPU's Local Government Energy Audit ("LGEA") program. The Respondents were required to evaluate the information provided in the LGEA in addition to attending a **mandatory** site inspection(s) and conduct an analysis of historical utility usage data. These informational items and assessments serve as the foundation on which interested ESCOs would base their preliminary ESP proposals in response to this RFP.

ESCO proposals for a preliminary ESP and its implementation shall be in accordance with this RFP and fully comply with the:

- The Local Public Contract Law N.J.S.A. 40A:11-1 et seq.
- Energy Savings Improvement Program Law, P.L. 2009, c.4 as amended by P.L., 2012, c.55
- Local Finance Notices 10 and 11, 2009-Implementing an Energy Savings Improvement Plan, as issued by the Local Finance Board in the Department of Community Affairs, Division of Local Government Services
- Board of Public Utilities Office of Clean Energy Requirements, Guidelines, Orders and Protocols

Respondents were required to submit Form V utilizing the findings in the LGEAs and were permitted and encouraged to submit additional ECMs that would provide added energy and/or monetary savings for the MUA.

Proposals were to be evaluated based on price and non-price criteria, in accordance with competitive contracting provisions of the Local Public Contracts Law. This procurement and evaluation process was to be undertaken in accordance with the competitive contracting provisions of the Local Public Contracts Law pursuant to (i) Division of Local Government Services (DLGS) Local Finance Notice 2009-11, dated June 12, 2009, Implementing an Energy Savings Improvement Program P.L. 2009, c.4, and specifically sections 1 through 5 of P.L.1999, c.440, as amended.

As a result of this RFP process, the selected ESCO will act as General Contractor ("GC") for this program and will implement all mutually agreed upon Energy Conservation Measures ("ECMs")

comprising the MUA's Energy Savings Plan through an ESIP, in accordance with all public procurement policies applicable to the MUA. Acting as GC, the selected Proposer will (i) develop and finalize the ESP that is customized to specifically address the needs and requirements of the MUA, (ii) design and prepare all construction plan documents and bid specifications for project implementation, (iii) arrange for all necessary program financing, (iv) identify and apply for all energy-related grant/rebate/incentive programs available to the MUA, and (v) contract with and supervise all subcontractors retained through a competitive bidding process, including contracting for the installation of all mutually agreeable scopes of work. The awarded ESCO will be responsible for providing all project and construction management services over all selected subcontractors during the construction phase of the project.

The proposed contract will contain the terms and conditions set forth in the Request for Proposals (RFP) and the applicant's response, to the extent the latter are consistent with the RFP.

The RFP also detailed specific evaluation criteria to be used to select the ESCO. The criteria and relative points are discussed more fully in the next section.

Evaluation Summary

To evaluate the proposals, the MUA organized an Evaluation Team which utilized an Evaluation Matrix that was contained in the RFP and is consistent with the guidelines provided by NJ Board of Public Utilities, Office of Clean Energy. The Evaluation Matrix includes the criteria outlined in the RFP as follows:

1. Company Overview and Qualifications ..... 20 points
2. Approach to Energy Savings Plan Development and Implementation ..... 25 points
3. Ability to Implement Project ..... 15 points
4. Project Comprehensibility and Energy Savings Projections ..... 25 points
5. ESCO Fees Proposal ..... 15 points

Total ..... **100 points**

The Respondent with the top ranking will be recommended for award as the Successful Respondent. The evaluation summary chart below depicts the ranking of the two Respondents based on the cumulative points awarded in each of the 5 criteria listed above.

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Total	**100**	**95**	**97.08**

Schneider Electric was awarded the most points (97.08). The following sections include a detailed breakout of each of the above criteria for each Respondent.

1. Company Overview and Qualifications

The evaluation criteria for this area, as referenced in the RFP, is as follows:

> Preference will be given to Proposers that demonstrate strong capabilities, experience, expertise, financial strength and stability, resources, proven track record, and favorable reputation for planning, developing and implementing successful energy conservation programs that are similar in form to the proposed project described in this RFP. The Proposer should demonstrate a record of experience with ESIP-type projects, including not less than three clients for which Proposer has successfully implemented an ESIP-type project within the last five years (with a preference for NJ based projects), in which energy savings were calculated and verified as occurring in a manner consistent with projected results. A brief summary of three additional projects may be included at Proposer's election and may be given weight in scoring. These secondary references may be from various types of projects that demonstrate the experience, expertise, resources and capabilities of the ESCO in the energy efficiency and conservation industry. Proposer shall also provide general information regarding its firm's organization, core business and background, and approach to program development.
>
> Proposers shall provide an organizational chart representing the Proposer's team for the project, including the relevant experience of each in the planning, development and implementation of ESIP-type Energy Savings Plans, together with other staffing information relevant to a determination regarding the qualification of each such individual to foster the development of the proposed program. Current resumes of all staff potentially involved in the program shall be provided.
>
> Proposers shall also provide information regarding financial stability that includes, as applicable, annual reports and certified financial statements for the two most recent fiscal years.

Summary of Evaluation Results:

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Overview & Qualifications	20 points	19	18

DCO Energy

DCO Energy, LLC is a private company specializing in the development, engineering, construction, start up, commissioning, financing, operation, maintenance and construction management of energy efficiency, renewable energy, combined heat and power ("CHP"), landfill gas-to-energy and biomass projects. With principal offices located in Lawrenceville New Jersey, the firm is located within an hour's drive from the Willingboro MUA.

DCO was founded in 2000 and together with its sister companies has grown to employ over 1,100 people. Through 2017, DCO has designed, implemented, and constructed over $250 Million of ESIP contracts. The firm has participated in and/or completed over 50 projects in the energy arena.

DCO has an extensive portfolio of projects including 534 MW of electric, 620 MMBtu/hr of heat recovery, 2,857 MMBtu/hr of boiler capacity, over 140,000 tons of chilling capacity and 48.25 MW of emergency power facilities. The firm has conducted energy modeling for over 22 Million square feet and acquired Pay for Performance ("P4P") incentives for 44 projects receiving $25 Million in NJ energy incentives and grants.

As requested in the RFP, DCO has selected 6 projects from their portfolio to demonstrate experience relevant to the Willingboro MUA. These projects include the following: Marie H. Katzenbach School of the Deaf, Ocean County, NJ Department of Transportation – Ewing headquarters, Edna Mahan Correctional Facility/Hunterdon Developmental Center, Township of Marlboro and University of Medicine and Dentistry – Newark Campus. Collectively, these projects account for total contract costs of approximately $96.5 Million with projected annual energy savings of approximately $6.5 Million.

DCO is independent from any product manufacturer and therefore completely vendor neutral. DCO will specify as the basis of design the products or controls that best match the MUA's performance goals.

DCO is affiliated with Joseph Jingoli & Sons, SES Engineering, Goldstar, Jingoli Power, and JDC Energy Services. In addition, for this project DCO plans to utilize services of CHA consulting, a full-service engineering and construction management firm. An organizational chart and resumes outlining a team of high-performance individuals from both DCO and CHA was included in the proposal.

DCO provided independent financial auditor's report including balance sheets, financial statements, and statement notes for fiscal years 2015 and 2016, as audited by WeiserMazars LLP. Reference contacts were provided for both banking relationships and business partners, although letters of reference or credit were not included.

Of particular note, the Independent Auditor's Report indicated that the Company's investment in limited liability companies and joint ventures were not audited, and they were unable to form an opinion regarding the financial position of those operations.

Based on the information above, DCO Energy was awarded nineteen (19) points for this category. One point was deducted from the maximum score in this category as the evaluation team expressed concern that none of the presented six projects were related to water or wastewater treatment plants.

Schneider Electric

Schneider Electric ("Schneider") is a public corporation established in 1836 and over time grew to over 144 thousand employees and more than $26.9 billion in annual revenue worldwide. The firm's unit that is dedicated to ESIP projects (Energy & Sustainability Services Division) has completed over 688 energy performance projects in US as a "design-build" contractor and is responsible for the design, plans and specifications, project scheduling, procurement, construction management, start-up and final acceptance inspection.

Schneider currently guarantees approximately $1.8 billion of energy savings annually. Out of all of the Schneider ESIP projects, the firm has only written checks to a small number of customers

where energy savings were not achieved as expected accounting for a 0.12% of total guaranteed savings. Schneider Electric has distinguished itself by being the only ESCO named as one of the World's Most Ethical Companies and one of the top 100 world's most sustainable corporations.

Schneider maintains a vendor neutral approach even though the firm is affiliated with companies such as APC, TAC, Andover, Invensys, Pelco, Square D, Telvent, Summit Energy, and Juno Lighting Group.

Since 2005, Schneider has completed numerous utility incentive projects in New Jersey, however its NJ-specific ESIP experience is limited to only four projects, Medford Township Public Schools, Salem Community College, Delran Township School District and West Deptford School District. On the other hand, Schneider has extensive experience throughout the country with projects similar in size and scope to that of the Willingboro MUA. The following references have been provided within their proposal: City of Clute, TX; City of El Centro, CA; City of Denison, TX (WWTP optimization); City of Lakeland, FL (cogeneration) and City of Kirksville, MO (water meters). The inclusion of these references displays their expertise in water and waste water treatment projects. Schneider Electric has assembled a qualified and balanced team with the experience and background to complete the requirements of this RFP.

Schneider provided certified financial statements for fiscal years 2014 through 2016, as audited by WeiserMazars LLP, including auditor notes. These financials are for Schneider Electric Buildings Americas, Inc, which is a wholly owned subsidiary of Schneider Electric, a multi-national public company based in France. They also provided a reference letter from one of their banking partners, as well as a surety letter documenting bonding capability. These financials have been prepared consistent with International Financial Reporting Standards (IFRS), with reference to more complete public financials provided for the parent company on their website (www.schneider-electric.com).

Schneider's submittal demonstrated strong financial strength, and the capability to successfully perform the tasks associated with this RFP. However, due to relatively limited experience completing ESIP-type projects in New Jersey, *Schneider was awarded eighteen (18) points for this category.*

2. Approach to Energy Savings Plan Development and Implementation

The evaluation criteria for this area, as referenced in the RFP, is as follows:

> Proposals shall include a detailed and sound technical approach to meeting the Board's energy efficiency objectives. The Proposal shall include the Proposer's preliminary ESP, which shall be based upon the Board's independent energy audit report, Proposer's analysis of the 24 month utility data, and the ESCO's site visit inspection(s) of the Board's facilities identified within this RFP.
>
> Detailed information shall also be provided regarding, among other things, the Proposer's approach to ESP project planning and development, energy auditing, engineering, savings analyses and calculation methodology, project management, waste management, method of calculation of the optional energy savings guarantee, and projection and verification of energy savings. Proposers must demonstrate their capabilities and methodologies regarding training, staff support, management and associated programs proposed for the Board, obtaining State and Federal incentives (such as Board of Public Utilities programs including Pay-for-Performance, SmartStart, etc.) with documented rebates and grants.

Summary of Results:

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Approach to ESP Development and Implementation	25 points	24	25

DCO Energy

The approach outlined by DCO was comprehensive and demonstrated a detailed and thorough technical plan for implementing the Willingboro MUA ESIP.

DCO is classified by the Division of Property Management and Construction ("DPMC") as a Construction Manager (C006), Design Build Contractor (C007), General Construction (C008), Solar Energy Systems (C035), and Energy Services/ESCO (C036).

Upon initial assessment and performance testing of the MUA's sites, along with a detailed utility bill audit, DCO will proceed with the preparation of the energy savings plan (ESP). The first step is to perform a comprehensive study of all energy conservation measures, also referred as "Investment Grade Audit" or "IGA". After the audit is completed, DCO will utilize its proprietary *SmartSelect Evaluator,* which will allow the MUA to seamlessly evaluate the effects on the cash flow pro-forma by adding or removing individual ECMs from the project list. This tool will help to accelerate project development and allow the MUA to arrive at a final Energy Savings Plan in a timely and effective manner. Following the approval of the new scope of work by MUA, energy savings calculations will be reviewed by both an independent third party and the BPU.

Upon approval of the ESP, DCO will start preparation of design development documents, specifications, and equipment selection. The Willingboro MUA will have final input on the basis of

design for all equipment and controls. DCO's approach to the procurement process is by preparing several individual ECM bid packages, as follows: electrical (lighting), mechanical (HVAC & controls), and Combined Heat and Power and Process related equipment. During the oral interview, DCO indicated that it would strategize the implementation of ECMs in order to complete the project in time and with the greatest savings as early as possible. To minimize the risk of cost overruns, DCO uses the Government Accountability Office (GAO) Cost Estimating and Assessment Guide.

As for construction and project management, DCO uses Procore software. The effective use of Procore will allow all staff members digital access to the latest design documents, punch list items, schedule, and other real-time information to ensure that the project remains on-time and on budget.

With regard to training, DCO will conduct a preliminary survey and analysis of the MUA's staff's experience, education, certifications, and current use of instruments and maintenance software programs in an effort to custom-tailor a training curriculum for the MUA. Post construction, DCO will provide system-wide training for all pertinent personnel regarding the equipment, energy savings strategies, and all interactive systems. DCO uses five-step approach to deliver training to their clients: Factory Start Up & Commissioning, Factory Training, On-site Training, Factory Maintenance & warranty and On-site CEM. DCO also plans to engage in their "Competitive Edge" programs which are designed to promote local workforce and mentoring.

DCO Energy was awarded twenty-four (24) points for this category. One of the concerns of the evaluation team was that DCO's proposal did not match the proposal of their competitor in terms of additional programs, especially with respect to marketing, community involvement, and outreach.

Schneider Electric

Schneider Electric's approach to the ESIP process consists of five phases, starting with the planning and Pre-Development, Energy Auditing and Project Development, Implementation, Project commissioning and training, and lastly the tracking and monitoring of the guaranteed period. First, the Schneider team will develop a customized Project Management Plan after completing an audit. ECMs will be selected in conjunction with WMUA which will be followed by design engineering and final cost and savings calculations. The implementation phase will consist of final design engineering, subcontractor selection, construction management, and quality control. The final two phases will include verification of equipment functionality, training for personnel, and ongoing energy savings measurement and verification.

The Schneider Electric team is led by Bryan McGair, the Account Executive and the single point of contact during the project development. Schneider contains the necessary in-house engineers that have extensive water/wastewater expertise. These engineers will be responsible for project delivery and commissioning. In addition, the firm intends to utilize subcontractors for certain work specific to Willingboro MUA. These companies include regional and national engineering professionals that have previously worked with Schneider Electric on similar projects.

Various software products, including proprietary project management tools, will be used to manage and provide a status report when necessary. The systems and processes will always be under review and updated continuously. These systems include Contract Management, Equipment Procurement, Subcontractor Management, Cost Control, and Reporting. To maximize the WMUA's engagement in the IGEA process to ensure the MUA is provided with the solution

they desire, Schneider will utilize their Financial Analysis & Solutions Toolkit (FAST) which allows the user to toggle individual ECMs and performance period costs "on" or "off" to recalculate simple payback or the amount of capital investment required. This allows the MUA to evaluate multiple scenarios and combinations of ECMs through a user-friendly platform.

Unique to Schneider Electric is their Measurement and Verification or Performance Assurance Support Services (PASS) team, the involvement of which begins in the development stages, oversees construction, and is ultimately responsible for maintaining the long-term performance guarantees. Using guidance from the International Performance Measurement and Verification Protocol (IPMVP), Schneider's main strategy for M&V is to measure energy use at the facility level in which short-term or continuous measurements are taken throughout the post-retrofit period and saving are calculated through utility invoices.

As part of the IGEA, Schneider will assess the skill level of the MUA's staff to determine the level of training necessary. In addition to providing training manuals throughout the project, the training will be provided for operations and maintenance staff regarding all installed equipment and systems per the vendor's and manufacturer's standard offering. Training would also be provided on-site by Schneider Electric or at the Schneider Electric's learning center as necessary.

Schneider's proposal provides no upfront risk to MUA and includes no termination fees or penalties up to completion of an Investment Grade Audit. The IGA will therefore be provided at no cost to MUA and only in the event that EPS elects to proceed with the project will Schneider Electric's proposed cost of the IGEA be rolled into the project financing.

During the oral interview Schneider Electric confirmed that in the event that the final project goes over budget during the public bidding process, Schneider Electric will be responsible for the cost overruns. Schneider also stated that in the event the bids come in *below* budget the additional monies available in the budget will be available to the MUA for additional projects. In addition, as part of the proposal Schneider included a marketing plan for the WMUA called 'Smart Community Initiative Marketing and Communication Plan'. This initiative will provide building signage, live presentations, websites, social media, and other communication outlets as well as educational outreach for the community at no additional cost.

Schneider Electric proposed a comprehensive approach that goes above typical ESP and was awarded maximum twenty-five (25) points for this category.

3. Ability to Implement Project

The evaluation criteria, as referenced in the RFP, is written as follows:

> Preference will be given to proposals demonstrating an ability to carry out the tasks and responsibilities outlined in the proposal, including the arrangement of any necessary financing, in a prompt and efficient manner with minimal disruption to the Board. It is the intent of the Board for all construction work to be fully completed no later than March 2020.

Summary of Results:

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Ability to Implement Project	15 points	14	15

DCO Energy

DCO has proposed a project schedule that demonstrates a strong capability to carry out the tasks required by the MUA in a timely and efficient manner. DCO holds the position that the ESP is the foundation of any ESIP project. The most valued aspects of an ESP are: an accurate energy usage baseline; a well-defined and detailed scope of work; realistic labor and material cost estimates; and achievable energy and operation savings. The firm will use its *SmartSelect* tool along with the Procore project management software to accelerate project development. As per their proposed schedule, DCO Energy feels confident that the project can be completed by March 2020.

With a bonding capacity with the New Jersey Department of Property Management and Construction (DPMC) of $1 Billion, there appears to be enough resources necessary to carry out this project. Within 1 hour of Willingboro MUA, DCO with their sister companies employs 1,100+ people, including safety inspectors, mechanical and electrical engineers, civil and structural engineers, project managers, certified energy managers, and more. Due to DCO's total vender neutrality and its proximity to Willingboro, NJ, the Evaluation Team felt that DCO would be able to complete the tasks and responsibilities and exhibited the strongest ability to implement the ESIP project.

DCO Energy was awarded the fourteen (14) points for this category. One point was taken off the maximum score as there was no discussion of possible finance assistance arrangement in the proposal as required by RFP.

Schneider Electric

Schneider Electric has proposed a project schedule that demonstrates a strong capability to carry out the tasks required by the MUA in a timely and efficient manner. Their five-phase approach to the ESIP Process received the *ISO 9001:2008 Management System* Certificate by Det Norske

Veritas Certification Inc. As part of their proposal, Schneider Electric included a projected schedule with estimated completion date of March 2020.

With a bonding capacity with the New Jersey Department of Property Management and Construction (DPMC) of $300 Million and a track record of 680 guaranteed energy savings projects with over $1.8 Billion in total client energy savings over the past 20 years, Schneider Electric has displayed the resources necessary to finance this project. Schneider Electric's in-house finance manager will work with WMUA to secure the best financing options. Kimberly Albertson, Director of Project Financing at Schneider Electric's, has more than 25 years of experience securing financing for their clients. Typically, Schneider utilizes a third-party lender/investor for the financing of the project through a separate financing contract independent of the energy services agreement.

As such, Schneider Electric has demonstrated the experience to execute and financial strength to assist the MUA secure financing in an efficient and timely manner.

Schneider Electric was awarded maximum fifteen (15) points for this category.

4. Project Comprehensibility and Energy Savings Projections

The evaluation criteria for this area, as referenced in the RFP, are as follows:

> Preference will be given to proposals that responsibly maximize the net economic benefit of the project to the Board while minimizing financial and performance risks. Proposals by Proposers shall be compared based on the overall value of the proposal to the Board in terms of projected program costs, energy savings and environmental benefits. Factors that will be considered include the duration of the ESIP, projected economic benefit to the MUA, level of savings projected to be achieved in the facilities included within the scope of this RFP, level of guaranteed energy savings (in dollars), length of simple payback to the MUA, and projection of the cash flows that will be generated by the program. For proposal purposes, all Proposers shall use a standardized 5% interest rate in their project financial pro forma calculations. The financial terms are to be set forth on ***FORM VI: ESCO's Preliminary Energy Savings Plan: ECSO's Preliminary Annual Cash Flow Analysis Form***.
>
> Projections should come from the Energy Savings Plan through an ESIP, as determined by the results of the independent energy audit, 24-month utilities data, and site inspections of the Board facilities identified within this RFP. The costs should include, but not be limited to the cost of all proposed ECMs, costs of construction including the costs of suppliers and subcontract trades at prevailing wages, potential break-up fees, and risks associated with the failure to implement the project.

Summary of Results:

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Project Comprehensibility and Savings	25 points	23	25

Each proposer was required to submit Form V based on the project size and scope outlined in the LGEA reports included in the RFP. Additionally, each proposer was encouraged to evaluate other energy and non-energy saving measures specific to the operation of water and wastewater treatment facilities.

It is the understanding of the MUA that the proposed scope of work identified is preliminary in nature and that the final project is subject to the MUA's collaboration and approval. Therefore, the ratings and written evaluations focus on the number, the comprehensiveness, and the innovation of all proposed measures as well as the cost to the Willingboro MUA of the optional guarantee as proposed by each of the respondents.

DCO Energy

DCO has provided two proposals, one that can be funded over 15years and the other one funded over the period of 20 years. Key metrics of each proposal is presented in the table below:

15-year project	20-year project
ESIP Project Cost: $2.55 mm	ESIP Project Cost: $2.87 mm
$281,000 in annual savings	$281,000 in annual savings
$77,000 in NJ incentives	$77,000 in NJ incentives
$756,000 of "surplus cash"	$1,279,000 of "surplus cash"

The main difference between the two proposals is that the first option included retro commissioning of an existing combined heat and power (CHP or Co-Generation) unit at the wastewater treatment plant, while the second option considered removal of the existing and replacement with new CHP unit. However, during the oral interview, DCO indicated that the retro-commissioning option was most likely not feasible, and as a result was not evaluated by the Team. DCO has considered a 400-kW internal combustion engine manufactured by Caterpillar. This unit was selected based on its high tolerance to Siloxane, a chemical present in the digestor gas and identified by DCO as one of the main causes for the existing CHP failure. As a general note, in accordance with ESIP laws and regulations, the inclusion of a CHP unit(s) enables an ESIP to be financed over 20 years, instead of the traditional 15-year term.

In addition to CHP, DCO proposed in its preliminary ESP the implementation of new LED lighting retrofit, open-protocol energy management system, installation of premium efficiency motors and VFDs, high efficiency transformers, power factor correction as well as the replacement of chlorine water treatment with a UV disinfection system.

DCO proposed a total project cost of $2.87 million and has calculated total energy savings over the 20-year term to exceed $7mm resulting in a net cash-flow over 20 years of approximately $1,280,000. The proposed project scope includes approximately 9 ECMs which will result in over 2.1mm kWh reduction and over 6,000 therm reduction. This reduction equates to a reduction of nearly 3.4 mm pounds of avoided of CO_2 emissions.

DCO proposed an annual service fee associated with the savings guarantee option of $16,866 or approximately 0.86% of estimated hard costs. The firm clarified during the oral interview that the price of the savings guarantee would be waived during the first year.

DCO Energy was awarded twenty-three (23) points for this category. Two points were deducted from the maximum score due to reduced scope of work and associated savings as compared to the competing proposal.

Schneider Electric

Schneider Electric has provided a single proposal funded over a period of 20 years. A comprehensive energy savings solution consists of 15 ECM's and includes the following: variable frequency drives for pumps, premium efficiency motors, process optimization (digested sludge management), cogeneration, lighting upgrades including occupancy sensors, programmable and

occupancy-based thermostats, building envelope improvements, boiler replacements, hot water piping insulation, transformer replacement, compressed air system improvements, water conservation retrofits, and plug load energy management. Additionally, non-energy savings ECMs developed by Schneider and intended to track energy consumption and raise awareness to energy conservation include recommendations such as Resource Advisor, Energy Dashboard, Energy University Conservation Curriculum, and Online & Smartphone Bill Pay.

During the oral interview, Schneider also spent a considerable amount of time presenting other measures that can be of great benefit to WMUA. These include the following: automated meter reading (AMR) and meter upgrade, process optimization (sludge thickener & SCADA), additional lighting, and parking lot expansion. No cost estimates were provided for these recommendations, however, Schneider indicated that there appears to be enough excess cash under a more realistic scenario of 3.5% interest rate.

The capital investment required for the project totals over $6 Million with an estimated annual savings of $240,000. The proposed project scope will result in over 3 million kWh reduction and an increase in natural gas of approximately 23,770 therms annually. The environmental attributes of these savings include a reduction in CO_2 emissions of approximately 8.2 mm pounds. Other savings include reduction in sludge disposal cost of $200,000 and other non-energy savings of about $5,000 per year.

Schneider Electric's Proposal included M&V costs of $12,000 for the first year and identified over $400,000 in available incentives from the NJ Pay for Performance Program and PJM Incentives. The proposed annual service fee associated with the savings guarantee option was listed at $28,800 or 0.62% of the estimated hard costs.

Schneider Electric proposed a more expensive project that also results in higher energy and non-energy savings as well as potentially significantly higher incentives from NJ OCE and PJM. For this reason, Schneider was awarded maximum twenty-five (25) points for this category.

5. ESCO Fees Proposal

The evaluation criteria for this area, as referenced in the RFP, is as follows:

> Preference will be given to proposals that responsibly maximize the net economic benefit of the project to the Board while minimizing financial and performance risks. The proposed fees shall be a function of all costs associated with the program that are required to fully develop and implement the Energy Savings Plan through an ESIP. The fees are to be set forth on ***FORM V: ESCO's Preliminary Energy Savings Plan: ECSO's Proposed Final Project Cost Form***.
>
> The costs should include, but not be limited to the cost of the Investment Grade Audit, Design Engineering, Construction Management, System Commissioning, Training, Overhead and Profit to implement the project.

Summary of Results:

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
ESCO Fee Proposal	15 points	15	14.08

For this category, the Respondents were evaluated based on their proposed percentage of hard costs outlined on Form V. Each Respondent's proposed fees were inclusive of the following required criteria: Investment Grade Energy Audit; Design Engineering; Construction Management and Project Administration; System Commissioning; and Equipment Training. The Respondents also included fees for Overhead and Profit. Additionally, each Respondent complied with the RFP requirement of utilizing an interest rate of 5%.

Respondents were awarded points based on an objective calculation. The lowest Respondent was given the maximum 15 points for this category and the second bidder was awarded a number of points based on proportion of its rate vs. the lowest rate (i.e. 22% vs. 20% would result in 10-point reduction).

The following calculation was applied: $(1/(Y/X))*15$, where X is the lowest submitted bid and Y is the Respondent's bid.

A detailed summary of the bid prices can be found in Appendix 1.

Recommendation – Successful Respondent

Based upon the financial, technical, and administrative reviews that were conducted by the Evaluation Team, the Proposals submitted by DCO and Schneider Electric in response to the RFP complies with the requirements prescribed in this RFP. Based on the evaluation criteria provided for in the RFP and a detailed review of each proposal against such criteria as outlined in this evaluation report Schneider Electric was awarded the highest point total of 97.08 out of 100. The Evaluation Matrix is shown below.

Evaluation Criteria	Max Points	DCO Energy	Schneider Electric
Total	**100**	**95**	**97.08**

Accordingly, the Evaluation Team recommends that the Willingboro MUA designate Schneider Electric as the Successful Respondent.

The complete and detailed proposal submitted by Schneider Electric as well as their performance during the oral interviews gives the Evaluation Team the comfort that Schneider will complete all the tasks required by the MUA on time, on budget, and with a pleasant work experience.

Additionally, due to Schneider's team proximity to the Willingboro MUA, expertise in water and wastewater treatment processes, and its innovative and comprehensive project plan, the Evaluation Team holds the position that Schneider Electric has exhibited the strongest ability to service the MUA and successfully implement the ESIP project. Therefore, it was determined that Schneider Electric's proposal is the most advantageous to the MUA.

Attachment 1 provides a bid summary for the two Respondents.

Attachment 1
Bid Summary

	DCO		Schneider Electric
PROPOSED CONSTRUCTION FEES			
Fee Category	**Percentage of Hard Costs**	**Percentage of Hard Costs**	**Percentage of Hard Costs**
Scenario	15 years @ 5% interest	20 years @ 5% interest	20 years @ 5% interest
Estimated Values of Hard Costs	$1,961,160	$2,208,160	$4,608,998
Project Service Fees:			
Investment Grade Audit	2.80%	2.80%	2.50%
Design Engineering Fees	10.00%	10.00%	5.50%
Construction Management & Project Admin.	6.00%	6.00%	5.00%
System Commissioning	0.50%	0.50%	2.75%
Equipment Initial Training Fee	0.50%	0.50%	1.00%
ESCO Overhead	5.00%	5.00%	9.00%
ESCO Profit	5.00%	5.00%	6.00%
Project Service Fees Sub Total	19.80%	19.80%	16.75%
Total Project Service Fees	29.80%	29.80%	31.75%
TOTAL FINANCED PROJECT COSTS:	$2,545,586	$2,866,192	$6,072,355
ESCO Termination Fee	$0	$0	0% for Phase I 3.5% for Phase II
PROPOSED ANNUAL SERVICE FEES			
First Year Annual Service Fees			
SAVINGS GUARANTEE (OPTION)	0.86%	0.86%	0%
Measurement and Verification (Associated w/ Savings Guarantee Option)	0.10%	0.10%	0.62%
ENERGY STAR™ Services (optional)	0%	0%	0%
Post Construction Services (if applicable)	0%	0%	0.05%
Performance Monitoring	0%	0%	0%
On-going Training Services	0%	0%	0%
Verification Reports	0%	0%	0%
TOTAL FIRST YEAR ANNUAL SERVICES (Option)	**0.96%**	**0.96 %**	**0.68%**