



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

Rhode Island Energy Efficiency Financing White Paper

Request for Proposals: Consultant

SUBMISSION DEADLINE: Monday, July 28, 2014, 9:00 AM EST

Questions concerning this solicitation must be received by the EERMC at danny.musher@energy.ri.gov no later than 5:00 PM EST on Monday, July 21, 2014.

All questions received will be responded to within 48 hours of receipt. Responses will be posted on the EERMC website. All questions must be submitted in writing.

A notification of intent to bid is preferred but not required. Notifications of intent to bid should be sent to danny.musher@energy.ri.gov by Wednesday, July 23, 2014.

Proposals must be submitted via email to danny.musher@energy.ri.gov. Proposals must be received at the email address above by 9:00 AM EST on Monday, July 28, 2014.

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SUMMARY

The Rhode Island Energy Efficiency and Resource Management Council (EERMC, or “Council”) is seeking qualified consultants with significant expertise in the areas of energy efficiency and financing to advise the Council on the potential expanded role of financing for energy efficiency in Rhode Island. The selected consultant will facilitate a small subgroup of the Council focused on financing, and will develop a final white paper product synthesizing primary and secondary research performed by the consultant as well as the collective input from subgroup members.

Applicants may be individuals, sole proprietors, professional consultants or companies with multiple employees. Proposals may be submitted by firms, individuals, or as a team with more than one firm or individual to provide the necessary breadth of skills to complete the scope of work.

BACKGROUND

As Rhode Island continues to set nation-leading goals for customer-side investments in least-cost energy efficiency, increasing attention has been paid to the role that financing might play in expanding the reach of programs, lowering their overall costs, and otherwise supporting the wider and hastened adoption of efficient and clean energy technologies. This white paper proposal aims to better characterize the purpose, types, viability, and effectiveness of energy efficiency financing strategies as potential tools to support Rhode Island’s public policy of Least-Cost Procurement. While the main focus of the study is financing in the context of Rhode Island’s energy efficiency investments under Least-Cost Procurement, the hope is that the design and conclusions of the research may advance an understanding of the broader role financing might play in clean energy market transformation in Rhode Island, including in the areas of thermal renewable energy and transportation.

Rhode Island has taken several steps to date to expand financing opportunities for energy efficiency.

1. As of 2014, National Grid had committed approximately \$13 million to energy efficiency revolving loan funds for small and large commercial and industrial customers; these funds revolve primarily through on bill repayment¹.
2. For residential customers, National Grid supports a 0% interest HEAT Loan program through interest rate buy-down with participating lenders.
3. The Rhode Island Office of Energy Resources (OER) has also supported financing programs for energy efficiency investments. For example, the OER designated approximately \$2 million in American Recovery and Reinvestment Act (ARRA) funds to capitalize a revolving loan fund for

¹ http://www.ripuc.org/eventsactions/docket/4451-NGrid-EEPP2014_11-1-13.pdf (Page 14)

energy efficiency and renewable energy to be administered by Commerce RI, in addition to existing loan products available through the state Renewable Energy Fund (REF).

4. Also, the OER made \$1 million available through a revolving loan fund administered by National Grid for municipal and state buildings through the Rhode Island Public Energy Partnership.
5. On the residential side, OER is spearheading a RGGI-funded investigation of the Home Energy Assistance Loan (HEAL) program developed by the Clinton Global Initiative.
6. Finally, the Rhode Island General Assembly passed the Property Assessed Clean Energy (PACE) Residential Program², which is set for launch in late-2014. This program will help facilitate investment in energy efficiency and renewable energy by giving municipalities the option to allow homeowners to purchase and install clean energy upgrades and pay them back over time as part of their property assessment.

In recent years, several developments have raised the idea of financing to the forefront of energy efficiency policy discussions in Rhode Island. Concerns regarding the level of ratepayer investment required to secure least-cost energy efficiency resources have spurred interest in novel ways—such as financing—to possibly reduce long-term bill impacts on consumers.

At the same time, neighboring states, such as Connecticut and New York, have launched well-publicized “Green Bank” initiatives, which aim to leverage an initial state capitalization to jumpstart clean energy financing services through private lending markets. Finally, the draft ten-year update to the Rhode Island State Energy Plan (RISEP) recommends expanding financing and investment tools in order to achieve ambitious long-term goals for energy security, cost-effectiveness, and sustainability. The preliminary findings suggest that approximately \$7 billion (in net present value terms) of economy-wide clean energy capital investments in Rhode Island’s electric, thermal and transportation sectors may be necessary to reach goals.

SCOPE OF WORK

To better understand the role financing could play in Rhode Island’s Least-Cost Procurement resource acquisition strategy and overall clean energy implementation plans, the Council is seeking qualified consultants to assist a financing subgroup of the Council in exploring the following questions and providing expert input, analysis, and research:

1. **Defining the purpose of an expanded focus on financing:** What specific objectives are we trying to address through financing, within the context of RI’s EE public policies, achieving RI’s broader energy goals, and maximizing benefits to RI consumers—both residents and the commercial and industrial sector? What role can expanded financing efforts play in terms of filling gaps, addressing barriers, and meeting challenges in RI procurement of least-cost EE resources?

² <http://webserver.rilin.state.ri.us/Statutes/TITLE39/39-26.5/INDEX.HTM>

2. **Clarifying terminology related to financing:** There are many different types of financing strategies and tools, and a wide variety of needs and challenges within specific market sectors. Can we define different strategies for addressing the objectives identified in #1? Can we establish a general lexicon/common terminology/"buckets" for these different strategies so we do not lose focus when referring to "financing" or a "Green Bank", etc.? Define sub-options including, but not limited to, various options of revolving loan funds from on bill repayments, off bill examples, traditional lending, etc. Define financing terms and parameters and their importance including, but not limited to: funding flows, net cash flow, balance sheet impacts, secured vs. unsecured financing, eligibility criteria for loans, tax impacts for borrowers, debt and default rates based on other administrators' experience.
3. **Reviewing how Rhode Island currently uses financing:** What existing financing programs and tools has RI explored, used, and gained some learning about to date, where do they fall into the lexicon established in #2, and how are they addressing the objectives identified in #1? Are there any data to support or refute the conclusion that these programs have assisted in addressing barriers/producing benefits/achieving goals? Are there data to indicate that financing is increasing energy savings over a baseline of no financing? Are there market or process barriers that keep existing channels of financing from being more impactful with EE projects? What segments of the potential EE customer base are well served now through existing programs, or existing market-based options? What information is available in the marketplace where lenders or other secondary market sources (i.e. lending institutions, banks, pension funds, environmental or housing financing agencies, etc.) have voiced a willingness to fund utility energy efficiency portfolios? Where are the gaps and opportunities to spawn more financing in this sector?
4. **Learning what other jurisdictions have done regarding financing:** What new, novel financing strategies are being used in other states and jurisdictions and how do they fall into the lexicon established in #2? What are their features? Have they been successful in achieving their objectives to sustainable EE and clean energy investment, including those identified in #1? What supporting outreach and public education strategies have worked in other states and jurisdictions that might be applied to the RI program?
5. **Discussing which financing methods make sense for Rhode Island:** Among the financing strategies identified in #4, which pose the greatest potential for RI? What added value would they confer above and beyond what we have experienced through existing financing programs in RI? Are there specific characteristics about these programs that influence whether they would or would not be appropriate for Rhode Island? What are the benefits and drawbacks of these different strategies? Are there additional creative and perhaps unexplored options that might work, and if so how? Do any existing RI financing programs merit expansion? Are there proven methods other than financing such as tax incentives that jurisdictions have successfully employed to reduce barriers to private investment in energy efficiency programs? Is it possible to estimate how much financing is needed in RI in different customer sectors over a certain

number of years (3? 6?). If so, given approximately \$16 million currently flowing through National Grid's EE financing programs, what is the estimated annual amount of the EE and other clean energy loan marketplace in RI, especially as related to existing and proposed programs?

6. **Understanding the benefits and costs of financing:** What types of benefits could Rhode Island expect to capture if it adopted the financing strategies and programs described in #5? What new costs, if any, may new financing programs create? There is a widely-held assumption (that is not universally true) that financing programs inherently and automatically reduce energy efficiency procurement costs, use fewer ratepayer funds, and allow programs to offer smaller incentives than the existing model. Is there any evidence of cases where customer charges (SBC) have been reduced with the lowering of incentives? What information is there on the substitution ratio of financing with rebate in the eyes of different customer groups, and the role of interest rate buy-downs or non-interest lending on such decisions? To what extent, and if so how, can financing can reduce procurement costs—and what are the trade-offs?
7. **Specifying how Rhode Island would smooth the way for expanded use of financing:** How would any new financing initiatives best be worked into RI's existing energy efficiency and clean energy programs? If new financing efforts are recommended, how would they best work in concert with existing programs? What would the flow of transactions look like to be aligned with current EE delivery methods and how would this affect the customer experience?
8. **Exploring wider financing opportunities:** While the primary scope of investigation for this white paper focuses on the role financing could play in Rhode Island's existing Least-Cost Procurement model for acquiring energy efficiency resources, what implications do the findings of this study hold for the broader role of financing could play in helping achieve RI's clean energy goals across other sectors (e.g. renewable energy, thermal, transportation)? Various states have used a "Green Bank" model as a tool to stimulate clean energy investment in markets other than energy efficiency—how might RI begin to understand if this approach is appropriate in our state within the context of our overarching energy public policy goals?

The Council anticipates that the selected consultant will facilitate approximately four to six working sessions of approximately an hour to two hours in length with the financing subgroup. The consultant will propose the structure and agenda of meetings, to consist of activities such as facilitated discussion, presentation of research, feedback on interim work products, input on analysis, etc. The final deliverable to the Council will be a white paper developed by the consultant with input from the financing subgroup. The Council will designate a staff-person as the main point of contact for the consultant, and the consultant will need to interact on a regular basis with this staff throughout the duration of the work period.

TIMELINE

Below is an estimated overview of the timeline for the encompassed work.

Milestone	Date
RFP Release Date	June 30, 2014
Deadline to Submit Questions	July 21, 2014 – 5 PM EST
Notification of Intent to Bid	July 23, 2014
Proposal Due Date	July 28, 2014 – 9 AM EST
Proposal Award Date	August 8, 2014
Subgroup Meetings & Development of Research Material	August 8, 2014 – November 10, 2014
Deadline for Draft White Paper	November 10, 2014
Review and Revision Period	November 10, 2014 – November 21, 2014
Deadline for Final White Paper	December 15, 2014

PROPOSAL REQUIREMENTS

All proposals submitted for this request must be submitted in the format described below, clearly labeling the sections as described. Please keep fonts to 11 point at a minimum and length of proposals to 20 pages at a maximum (1.5 line spacing) including all sections listed below:

1. OVERVIEW

The Overview will concisely lay out the offeror's understanding of the problem, describe their proposed approach to the work and explain how they are well suited to perform the tasks.

2. TECHNICAL PROPOSAL

Discuss your solution to the proposed scope of work. Include a description of your approach to facilitation of the subgroup and development of the white paper. Indicate your ability to complete the scope of work within the established timeframe and proposed schedule of deliverables/project milestones.

3. QUALIFICATIONS & EXPERIENCE

Please provide the following:

- **Company Profile:** Provide an overview of history, length of time in business, organizational and staff capacity, core competencies, and any other resources uniquely suited to recommending and implementing solutions to the scope of work outlined in this solicitation.
- **Relevant Experience:** Describe your experience with similar projects. Respondents familiar with the New England region are desirable.
- **Examples of Prior Work:** If possible, reference two or three examples of previous projects that best display your ability and experience with work of a similar nature and specify the role your firm played in each project.

- **Reference Information:** Provide names, addresses, telephone numbers and permission to contact two former or current clients for which your organization has performed work in the last three years.

4. PROJECT MANAGEMENT & ORGANIZATION

List all staff and/or subcontractors proposed as members of the project team and the tasks they will perform on the account. Describe their duties, responsibilities, and concentration of effort applying to each. Please include resumes, curricula vitae or statements of prior experience and qualification (these may be provided as attachments not counting towards overall page limit). An organizational chart showing roles and responsibilities on the project is desirable. The consultant team may include subcontractors; however, the prime respondent will be solely responsible for the management and work-products of the consultant team.

5. COST PROPOSAL

Please provide a signed Cost Proposal reflecting one, all-inclusive price for the scope of service. **The maximum budget for this solicitation is \$50,000.** The maximum budget is inclusive of contractor expenses, including travel. These costs should be indicated as a separate line item. Please also include the following, by task and for each staff and/or subcontractor proposed as members of the project team: estimated personnel hours, level of effort, hourly billing rates, other direct costs, and any other relevant information.

EVALUATION PROCESS

The financing subgroup on behalf of the EERMC will review and competitively evaluate all of the applications and recommend a candidate to the EERMC for approval. The EERMC reserves the right to select no proposals for any reason or if the responses do not meet a sufficient standard based on the evaluation criteria. The EERMC reserves the right to waive any minor irregularities or informalities in a proposal as it determines or to allow Respondents to correct them, and to accept or reject any Proposal or portion thereof. The EERMC reserves the right to discuss with the selected applicant(s) any terms and conditions, including financial issues, for any proposed project. The EERMC reserves the right to seek additional information from any and all Respondents including but not limited to requests for clarifications and interviews. Scoring criteria will be as follows:

Scoring Criteria	Description	Possible Points
Technical Proposal	<ul style="list-style-type: none"> • The quality of the Proposal demonstrates the candidate’s ability to provide superior expertise for assessing energy efficiency financing strategies in Rhode Island • The proposed approach meets the needs and criteria set forth in the RFP 	40
Qualifications & Experience	<ul style="list-style-type: none"> • The candidate has completed similar projects and is qualified to undertake the scope of work outlined in the RFP 	30

	<ul style="list-style-type: none"> References and prior work demonstrate the candidate's ability to provide superior facilitation, research, and analytical support 	
Project Management & Organization	<ul style="list-style-type: none"> Proposal shows clarity of team management structure, the availability of senior staff to supervise and contribute to the work, and ability to complete deliverables in a timely fashion 	20
Cost Proposal	<ul style="list-style-type: none"> The candidate submits a reasonable and competitive pricing structure commensurate with the value offered 	10
Total		100