CALIFORNIA ENERGY COMMISSION
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November 6, 2009

TO: INTERESTED PARTIES

SUBJECT: PROGRAM OPPORTUNITY NOTICE (PON) 400-09-401, Municipal Financing Program, ADDENDUM NO. 2 (AD-2) REQUEST FOR PROPOSALS (RFP) #400-09-402, Municipal and Commercial Building Targeted Measure Retrofit Program, ADDENDUM NO. 2 (AD-2), and REQUEST FOR PROPOSALS (RFP) #400-09-403, California Comprehensive Residential Building Retrofit Program, ADDENDUM NO. 2 (AD-2)

NOTICE IS HEREBY GIVEN THAT THE ABOVE SOLICITATION IS AMENDED AS FOLLOWS

Section I, page 2, Key Activities and Dates, dated October 8, 2009, is amended with the following:

ACTIVITY	ACTION DATE
PON Release	October 8, 2009
Pre-Bid Conference	October 20, 2009
Deadline for Written Questions	October 22, 2009
Distribute Questions/Answers and Addenda (if any) to	October 27, 2009
Notice of Intent from bidders due by COB	October 30, 2009
Deadline to Submit Proposals by 5:00 p.m.	~~November 30, 2009~~ December 21, 2009
Clarification Interviews (If necessary)	TBD
Notice of Proposed Award	~~December 22, 2009~~ February 11, 2010
Energy Commission Business Meeting	~~January 27, 2009~~ March 24, 2010
Contract Start Date	~~February 1, 2010~~ March 29, 2010
Project Implementation Deadline (By Law)	March 31, 2012
Contract End Date	March 31, 2012

As a result of the Pre-bid Conference, attached are the most significant questions and answers presented at the pre-bid conference and received in writing. Addendums to the above mentioned solicitations will be released in the next few days.

Except as herein amended, all other terms and conditions shall remain the same.

Sincerely,

Elizabeth Stone

Elizabeth Stone
Contract Officer

Attachment

Pre-Bid Conference
Questions and Answers
PON 400-09-401, RFPs 400-09-402 and 400-09-403

GENERAL

Q1. If a contract team submits proposals to the Municipal Financing Program (PON-401) to provide municipal financing for residential retrofits and to the Residential Retrofit Program (RFP-403) for whole house retrofits, how should the estimated energy savings be allocated to the two proposals?

A1. We would expect the two proposals to explain how the allocation was done; there should be no double counting of energy savings.

Q2. Since Energy Savings makes up thirty percent of the entire evaluation criteria points, it appears that there would be a lot of motivation to put forth very large savings claims to advantage a given proposal. Shouldn't there be much more extensive rules about estimating energy savings to avoid this?

*A2. The premise for this question is not correct. The maximum score available for **Energy Savings, Peak Demand and GHG Emissions Reduction** is 30 points, out of a maximum total of 400 for the entire evaluation (this is 7.5 percent - far less than 30 percent). The Evaluation Committee will base its evaluation on the documentation, explanation and justification of the estimates. The Evaluation Committee will rely on experienced people who are very knowledgeable regarding energy efficiency measures and their energy savings potential to provide technical reviews of the measures and strategies.*

Q3. If a proposal seeks to develop an ongoing program influencing property owners to spend primarily their own money to implement energy improvements, can the expected energy savings from future projects be counted?

A3. The energy savings is determined by estimating the total of the energy savings expected to be achieved in a typical one year period for each of the buildings that the program influences by the termination of the program.

Q4. When calculating energy savings, should the base case be assumed to be the existing conditions, or must the base case be assumed to be the requirements of the Building Energy Efficiency Standards for the applicable existing building alteration? Should the energy savings be discounted to account for an estimate of free rider or free driver effects?

A4. The base-case should be assumed to be the existing conditions. No discounting to attempt to estimate free rider or free driver effects is required.

Q5. Since the Energy Commission will be using California specific greenhouse gas emissions rates, can we also use California specific hourly heat rates for Btu justifications in terms of meeting the DOE cost effectiveness goals?

A5. No. To determine the cost effectiveness of the proposed program using the U.S. DOE formula included in the solicitations, please use the conversion of 1kWh = 10,239 Btu. However, if appropriate to the proposed retrofits, the Bidder is encouraged to include additional information on the energy savings benefits from the perspective of California's time dependent valuation of energy that the Energy Commission employs in both the Building Energy Efficiency Standards and the New Solar Home Partnership program.

Q6. Why does the conversion from kWh to Btu required in the cost effectiveness calculation include such a large multiplier?

*A6. The ARRA SEP solicitations include the U.S. DOE request that the cost effectiveness calculation be completed in terms of source energy. Source energy and site energy are assumed to be the same for fuels combusted at the point of use, such as natural gas. But for electricity, where the primary fuel is combusted at the source of electricity production, not at the site where the electricity is being consumed, the conversion of kWh to Btu must not only include the site energy unit conversion (1kWh = 3,413 Btu) but also account for the inefficiency of electricity generation, transmission and distribution. The conversion of 1kWh = 10,239 Btu assumes that generating and delivering electricity to the site of use is 33% efficient. Expressed another way, one unit of electricity at the site requires three units of fuel at the source of electricity production, so to calculate the source energy savings of retrofit activity that reduces the need to produce electricity, the unit conversion should be multiplied by three (1kWh = 3,413 Btu * 3 = 10,239 Btu).*

Q7. Should natural gas or other fuel savings be included in the cost effectiveness calculations?

A7. Yes. Please include any assumptions and unit conversions used to convert volumetric fuel savings to Btu savings for these fuels. Please note that 1 therm = 100,000 Btus.

Q8. Is electricity demand reduction included in the cost effectiveness calculation?

*A8. No, the U.S. DOE cost effectiveness calculation includes only energy savings. However, the **Program Cost Effectiveness** category of the **Program Design** section in the Program Proposal Requirements includes the direction to the Bidder to describe why the requested ARRA SEP funds are appropriate, relative to the benefits that will result. Demand reductions are one type of benefit that should be explained in the context of program cost effectiveness.*

Q9. Are the energy savings in the cost effectiveness calculation annual savings or life cycle savings?

A9. Energy savings expected to be achieved in a typical one year period should be used for this calculation. If the Bidder believes that their proposal provides additional benefits in terms of life cycle cost savings, these can be explained separately in the PROGRAM COST EFFECTIVENESS section of the proposal.

Q10. Is there a formula the Energy Commission can provide to capture the energy saved by water conservation, since water use in California indirectly consumes electricity, natural gas and diesel fuel?

A10. Any Bidder who is proposing water efficiency retrofits is responsible for providing estimates of the embedded energy in water that is appropriate for the area of the state where the retrofit measures are proposed. The CPUC has developed a Water Measures Calculator that estimates electricity and natural gas savings from water conservation for each investor-owned utility service area. This calculator could be used to derive estimates of energy savings due to water conservation. The report that explains the calculator can be found at: http://doe2.com/download/Water-Energy/WaterSavingMeasures-Calculator-v3.pdf , and the calculator (Excel Workbook) can be found at: http://doe2.com/download/Water-Energy/WaterMeasures-AvoidedCostCalcs-v4B.zip.

Q11. Will a proposal be rejected or disqualified if the Energy Commission disagrees with assumptions made to determine the cost effectiveness of the program or if a math error is found in the savings calculations?

A11. No, if a problem with assumptions or mathematical calculations is identified during proposal review, the ARRA SEP proposal evaluation team will make the necessary adjustments to the estimates and score the proposal based on the revised estimates.

Q12. The Guidelines (see p. 10) state that DOE's SEP ARRA Guidance document calls for programs to seek to achieve annual energy savings of at least 10 million source Btus for each $1,000 of ARRA funds invested. The solicitations call for proposals to determine cost effectiveness in these units, so that they can be compared to DOE's goal. Please explain what is meant by "annual energy savings." Does this count only one year of savings and not the savings over the life of the measures?

A12. That is correct. The annual savings is the estimated savings that would be achieved in one typical year for a building that is retrofitted as a result of the program. The total program savings is the sum of those annual savings estimates for all of the buildings that are retrofitted as a result of the program. The program energy savings that Bidders are expected to estimate are not the savings that would accumulate over the life of the measures.

Q13. If there is a higher amount of leverage funds, does that mean the program would potentially be less cost effective because it then creates a higher cost per?

A13. No. The cost effectiveness calculation uses the DOE metric of annual energy savings resulting from the program (including savings occurring due to all leveraged funds) divided by the ARRA SEP funding amount. The leverage funding will cause this calculation to be higher rather than lower, as it would increase energy savings while the ARRA SEP funding amount would be the same.

Q14. Can you clarify the statement in Item 6 on Page 44 of the Guidelines, that "dollars spent include only the ARRA SEP funds; savings are those resulting from the total dollars spent, including leveraged funding?"

*A14. Proposal requirements for **Program Cost Effectiveness** are described in **Section III, Program Proposal Requirements**. In this calculation the numerator is the total estimated annual energy savings for each typical building that is influenced to take action by the program as a result of the total funding including leveraged funding, and the denominator is the amount of ARRA SEP funds that are requested.*

Q15. Is the cost-effectiveness criteria applied on a project basis or at the program level?

*A15. The **Program Cost Effectiveness** program proposal requirements are discussed in Section III of each solicitation. Cost effectiveness is evaluated for the program as a whole.*

Q16. How should the programs strike a balance between competing evaluation measures like cost-effectiveness and comprehensiveness.

A16. The Energy Commission disagrees that cost-effectiveness and comprehensiveness are competing evaluation measures. The program cost effectiveness is substantially impacted by the level of leverage funding and by the strength of the program cost justification that bidders provide.

Q17. Does the investment of homeowners or commercial building owners in retrofits count as leverage?

A17. Yes. See the Leverage Funding sub-section in Section VI, ARRA Specific Important Information, of both the Residential Retrofit Program and the Municipal and Commercial Retrofit Program.

Q18. If investment in retrofits from the property owners participating in the proposed program is part of the leverage funding for a proposal, would a letter of commitment from the building owner or, if it was bank owned, a letter from the bank owner, be required?

A18. No. We do not anticipate that Bidders know every building that will be retrofitted during the term of the ARRA program funds. At the proposal stage the Bidder should estimate the leverage amount for the whole program. For reporting purposes after awards are approved by the Commission for the strongest proposals, actual leverage funding will be reported and subject to audit by the federal and state government.

Q19. What documentation is acceptable or necessary regarding leveraged resources?

A19. Leverage funding is discussed in many places in the solicitations. Bidders should be familiar with all of them, in particular, the leverage funding sub-sections in Section III, Program Proposal Requirements and Section VI, ARRA Specific Important Information. The proposed agreement sample terms and conditions also have requirements regarding leverage funding.

Q20. For the Leverage Funding evaluation criteria and for calculating job creation for the Workforce Development and Job Creation evaluation criteria, will a distinction be made between cash and non-cash leveraged resources?

A20. No, cash and non-cash leveraged resources will be evaluated equally.

Q21. Is there a minimum or specific amount of leverage expected for any of the programs?

A21. No. All other things being equal, the more leverage the better.

Q22. Can bidders include leverage funding anticipated to be received through other funding sources, but which has not yet been received?

*A22. Yes. All of the information specified in **Section III, Program Proposal Requirements** in the solicitations regarding leverage funding should be provided.*

Q23. What happens if the proposed program includes leverage funding from other sources that ultimately is not obtained, can the budget of an approved proposed program be reallocated to address this shortfall?

*A23. Contract funds for approved contracts can be reallocated as specified in the sample terms and conditions. As stated in **Section VI, ARRA Specific Important Information, Leverage Funding,** the loss of leverage funding during the Agreement is a reason for the Energy Commission to hold a Critical Program Review and may result in the termination or amendment of the Agreement.*

Q24. For the job creation calculation the solicitations say that the total SEP funds plus leverage funds are divided into 92,000. Assuming that the leverage funds include all the potential in-kind resources through all the

involved partners, that would seem to discourage people from identifying leverage funds because it would reduce the calculated jobs that are created.

A24. *No. The above statement has the calculation upside down. The 92,000 is in the denominator; so, the larger the amount of total program funding, including leveraged funds, the larger the calculated job creation. See* ***Section VI, ARRA Specific Important Information, Leverage Funding*** *for an explanation of what can be included as leverage funding in addition to the in-kind resources mentioned in the question.*

Q25. The Guidelines identify the federal formulaic approach (SEP plus leveraged funds, divided by $92,000 to estimating job creation and retention, but in the pre-bid conference, the Commission said that bidders should also provide an estimate of the number of direct jobs expected to be created by the program. Is there guidance on how to estimate the direct jobs created?

A25. *The program proposal requirements for Workforce Development and Job Creation are shown in Section III of each solicitation. The estimation of the direct jobs is expected to be based on the labor requirements for the energy assessments, ratings, audits and retrofits that the program proposes to deliver, as well as the direct jobs required to deliver the Scope of Work.*

Q26. Is there a preference given for retrofit devices manufactured in California?

A26. *No, there is not.*

Q27. How should job creation and retention be calculated in the proposal?

A27. *Bidders must use the formula provided in the solicitations to estimate job creation, and they must also detail the types of jobs they expect to directly create and/or retain through the proposed program.*

Q28. Some of our products are being manufactured out of state. Would that qualify for job creation? Does out of state job creation need to be described separately from in state job creation in the proposal?

A28. *Out of state job creation would qualify and should be separately discussed.*

Q29. Can workforce development focus on regions within California, or is a statewide workforce development program required?

A29. *Workforce development does not have to be statewide. Proposals are expected to focus on the specific regions of the State that are addressed by their proposals for the workforce development aspects of their programs.*

Q30. Is it required that workforce development occur within the region in which the proposed program operates?

A30. No, workforce development does not need to occur within the proposed program region.

Q31. Related to economically disadvantaged areas, if bidders provide special focus on several areas in a region at a neighborhood level, should the economic situation of those neighborhoods or the region as a whole?

*A31. The solicitations describe the information that is to be addressed in **Section III, Program Proposal Requirements,** related to **Economically Disadvantaged**. The proposal should provide the June 2009 unemployment data for the whole region covered by the proposal. If the proposal is emphasizing sub-areas within the region, that emphasis should also be explained, and the unemployment rates and other relevant characteristics for those areas may be provided. The Employment Development Department Labor Market Information Division's unemployment rate data for June 2009 is the benchmark established by the Guidelines. If there was a major change in later unemployment rate data, the new data could be included in the proposal in addition to the June 2009 data.*

Q32. How can proposals justify that specific region(s) of the state are economically disadvantaged areas? Will other characteristics of economically disadvantaged areas be considered (for example, construction trades unemployment, or home foreclosure rates)?

A32. The ARRA SEP Guidelines and solicitations explain how to compare the unemployment rates for the areas of the state that will be impacted by the proposed program with the statewide average unemployment rate. The Guidelines and solicitations also state that other characteristics of economically disadvantaged areas will be considered, if they are described and justified by the Bidder.

Q33. Can proposals be submitted to respond to any of the solicitations, if the proposed program won't be serving an economically disadvantaged area?

A33. Yes.

Q34. Does the Energy Commission have theories for how the retrofit and financing activities funded under the ARRA SEP programs will be sustainable into the future?

A34. The ARRA SEP Guidelines do include ideas as to how retrofit programs might be sustainable, so Bidders are encouraged to consult the Guidelines. However, for the purpose of selecting the best programs proposed within these competitive solicitations, Bidders should explain why their proposal will lead to sustainability

or lasting changes in the market, and the Energy Commission will consider this when scoring the proposals.

MUNICIPAL FINANCING PROGRAM

Q35. The solicitations state that funds will be paid on a reimbursement basis. Can funds also be paid in advance for large lump sum costs like an interest rate buy-down, which would be difficult for awardees to cover before a reimbursement could be made?

A35. Advance payments may be allowed for certain appropriate uses such as a buy-down of the interest rate. Money released to awardees as an advance payment must be kept and tracked separately from other funds, and interest must be accrued and tracked separately. Please see the sample terms and conditions of PON #400-09-401 for more information regarding advance payments.

Q36. Do these three program areas under SEP compete with or augment AB 811?

A36. The Municipal Financing Program was created specifically for AB 811-type programs. The other two SEP program areas can complement a local government's AB 811 efforts.

Q37. Under the Municipal Financing Program, if a county adopts a resolution to authorize contractual assessments in the area over which it has jurisdiction, which does not include incorporated cities within that county, what is considered the "region" of the proposed program? Do cities within the county also need to include resolutions from their governing bodies in the proposal to be considered part of the "region?"

A37. At the time of the proposal, the "region" will be considered the areas over which the bidder that submitted the proposal has jurisdiction, as well as the areas of any cities within that county from which a letter of commitment is included in the proposal. The Energy Commission encourages all parties to obtain and submit resolutions as soon as possible. These resolutions are due by January 18, 2010, and must, at a minimum, authorize contractual assessments within their area, explain the program design and funding sources, and authorize the bidder to contract with the Energy Commission for SEP funds on their behalf.

Q38. Is the requirement for 10% energy savings from efficiency prior to installation of onsite renewables required regardless of the age or efficiency of the property?

A38. Yes; all properties that receive funding for onsite renewable installations must install and be offered financing for energy efficiency retrofits that achieve energy savings of 10% of the building's total energy use.

Q39. Is a residential component required in order for proposed programs to qualify for the Municipal Financing Program?

A39. No, it is not required. Bidders in a more industrial or commercial area, for example, may choose to include only those types of properties in their proposed programs.

Q40. If there is an applicant preparing to submit an application for a statewide funding program in collaboration with a number of regional governmental consortia throughout the state, should the regional consortia submit applications as well as the large statewide program?

A40. There should be only one application for a statewide program, even if there are local governments or groups of local governments operating under the statewide program. Similarly, cities operating under a county-wide program would not have to submit separate applications; only the county would need to apply.

Q41. Can a publicly-owned utility be the bidder for the Municipal Financing Program?

A41. Yes. The SEP Guidelines (Chapter II, Section D) provide that eligible applicants include "cities, counties, or groups of cities or counties in California," and also indicate that the scope of eligible applicants may be expanded with changes in the laws and that "the Municipal Financing Program will accept applications from any entity authorized under California law to establish a municipal financing program" of the type authorized by the SEP Guidelines. California law was recently amended by AB 474 (stats. 2009, ch. 444) to expand the type of public agencies authorized to establish a municipal financing program. Under AB 474, municipal utility districts, irrigation districts, and public utility districts that own and operate an electric distribution system are now authorized to establish municipal financing programs. Therefore, these public-owned utilities may be bidders for the Municipal Financing Program.

*AB 474 (http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_0451-0500/ab_474_bill_20091011_chaptered.pdf) was chaptered on October 11, 2009, and it amends Section 1102.6b of the Civil Code, and amends Sections 5898.12, 5898.14, 5898.20, 5898.21, 5898.22, 5898.24, 5898.28, and 5898.30 of, and adds Section 5898.31 to, the Streets and Highways Code, relating to contractual assessments. It states, "**The legislative body of any public agency may determine that** it would be convenient and advantageous to designate an area within the public agency, which may encompass the entire public agency or a lesser portion, within which authorized **public agency officials and property owners may enter into voluntary contractual assessments for public improvements and to make financing arrangements pursuant to this chapter**." Also, "For the purpose of financing the installation of distributed generation renewable energy sources or energy efficiency improvements, **"public agency" means a county, city, city and county, or a municipal utility***

district, an irrigation district, or public utility district that owns and operates an electric distribution system*. The definition of "city" in Section 5005 shall not apply to this subparagraph." So, public utility districts that own and operate an electric distribution system may apply for the Municipal Financing Program.*

Q42. For a retrofit program in an economically disadvantaged area that would leverage municipal financing, it may be unlikely that the property owner participants would be able to qualify for funding for the more expensive, whole-house retrofits. How will the Energy Commission assess the viability of proposals that claim deep retrofit estimates in a disadvantaged area.

A42. The Energy Commission expects bidders to structure their programs and obtain funding in the way that best suits the needs of property owners in the region covered by the proposed program. For example, bidders proposing a program in an economically disadvantaged area could request Energy Commission funds to finance homeowner rebates for those who opt for whole house retrofits, and bidders could obtain the lowest possible interest rate for program participants through coordination with various sources of program funding. The Energy Commission will assess the viability of proposal claims by evaluating the information and justification submitted regarding the program design, including the financing plan.

Q43. Can a private entity bid on the Municipal Financing Program?

A43. No. Only a public agency can bid on a Municipal Financing Program proposal.

Q44. Can a group of cities apply for the Municipal Financing Program and be awarded the funds if their county may participate in a statewide program?

A44. A group of cities can apply for and be awarded funding separately from their county, regardless of whether the county will be part of a statewide program. There must, however, be a JPA or some other central authority as the bidder, who, if awarded, will be the contractor with the State and will receive funds.

Q45. The Municipal Financing Program solicitation states that in addition to measures covered by the California Comprehensive Residential Building Retrofit Program and the Municipal and Commercial Building Targeted Retrofit Program, additional measures can be proposed for consideration by the Commission that have previously demonstrated cost-effective energy savings and are permanently affixed to the property. What evidence must be included in the proposal to support measure cost effectiveness for additional measures?

A45. Bidders may provide previous studies of the cost effectiveness of measures or may conduct their own analysis. The studies or analysis should fully explain the methodology for determining the energy savings for the measure, the data that

was used for the measure's cost and useful life, the financing assumptions, and other factors included in the analysis. A cash flow analysis or life cycle cost analysis would be acceptable.

Q46. If a local government proposes its own municipal financing program and is also part of a larger regional proposal, does this affect the eligibility or scoring of either proposal?

A46. All proposals are judged on their own merits, and the score of one proposal will not be affected by the scores of other proposals. However, if the proposed programs are complimentary, each proposal should detail how its program is expected to operate both if the other proposal is awarded SEP funds and if it is not.

Q47. It seems that a strong municipal financing program would include separate residential retrofit and commercial retrofit programs to support the municipal financing program, which might require a region that wants to conduct a competitive municipal financing program to submit applications for all three SEP program areas. The region could build the municipal financing program based on planning to work with proposed residential and commercial programs, and then find it was not awarded funds under one or both of those programs.

A47. The Municipal Financing Program may include both residential and commercial retrofits, so receiving funding through the other two programs is not necessary for a robust, competitive Municipal Financing Program proposal. We envision programs funded under the different SEP program areas to have different structures and scope with different types of bidders applying. However, this does not preclude one bidder or group of bidders from applying under more than one program. In this case, bidders must clearly describe how their proposed programs are expected to operate both if their other proposal(s) is (are) funded by SEP, and if the other proposal(s) is (are) not.

Q48. Are the same allowances, measures and expenses under the Residential Retrofit and Municipal/Commercial Retrofit programs eligible under the Municipal Financing Program?

A48. The eligible improvements under the Municipal Financing Program include all measures under both the Second Tier and Third Tier of the Residential Program and Commission approved targeted measures in the Municipal/Commercial Program. Only measures that are permanently affixed to buildings and approved by the Commission are eligible for financing under the Municipal Financing Program. Both the Residential and Municipal/Commercial retrofit programs may include financing that is not based on repayment through contractual assessments, and both allow proposals from non-public entities, unlike the Municipal Financing Program.

Q49. Is the Energy Commission looking for an underwriter or bank to help fund this initiative, a program administrator, and a city or municipality to form an AB811 district?

A49. Eligible public entities that apply for the Municipal Financing Program are expected to explain how they will utilize Energy Commission funding to help start or continue a program to finance energy improvements that will be repaid through contractual assessments as authorized in California law. The Energy Commission expects bidders for the Municipal Financing Program to explain how the project will be funded, such as through bond sales and/or financing from banks. The program administrator should be included in the Team Organizational Structure and Program Team Qualifications and Experience sections of the proposal. More information on the requirements can be found in PON #400-09-401.

Q50. For Municipal Financing Program, can the 10% energy savings required to qualify for on-site solar financing come from efficiency retrofits made prior to program participation?

A50. No, the energy savings must come from retrofits funded under the program.

CALIFORNIA COMPREHENSIVE RESIDENTIAL BUILDING RETROFIT PROGRAM

Q51. When will the HERS II program be available for use, and at what point will successful bidders be required to use HERS II for the third Tier of the Residential Retrofit Program?

A51. We are working with the HERS providers to enable them to fully meet all the criteria in the HERS regulations that are necessary for them to be approved as HERS II providers, and we're working with software developers to get the HERS II software completed. This work may be done by the time contracts are signed with the winning bidders to the ARRA SEP solicitations. However, there is a lot that must be done before approval of the HERS providers and the HERS II software, which may not all be completed until after the start of the contracts with the approved bidders. The expectation is that each approved residential program will actively transition to third Tier programs once HERS providers and raters are available in the region addressed by the program.

Q52. If a building trades contractor is BPI certified but is not HERS certified, is he eligible to complete retrofits through the Residential Retrofit Program?

A52. BPI and HERS are two different certification programs with different purposes and different requirements. The HERS program establishes requirements for HERS raters. Building trade (specialty) contractors wanting merely to do retrofit work for programs proposed in response to the RFP would have no reason to become certified as HERS raters. Third Tier programs are expected to collaborate with Home Performance with Energy Star, which expects extensive

whole-house energy performance training for building performance contractors, to a level comparable to what would be expected to be needed to become BPI certified as a Building Analyst Professional. Programs that are approved by the Commission as a result of RFP-403 may establish higher expectations related to contractor training and certification.

Q53. If the partners for this program have other energy audit program requirements (e.g., DOE NEAT), would this satisfy HERS for First Tier programs?

A53. The First Tier measures are low cost items that can be determined through visual inspection by a minimally trained person; no HERS rating or energy audit is required. HERS II ratings are required for residences (low-rise residential buildings, three stories or less) for Third Tier programs. Other software programs, such as the DOE NEAT program that is commonly used by weatherization programs, could not be used for Third Tier programs.

Q54. For implementation of Second Tier or Third Tier programs, we understand that under the HERS II requirements only certified HERS raters are allowed to collect information to determine HERS ratings and prepare rating/energy audit reports. Is there a limitation in the HERS II program that only the certified HERS rater who collects the data is allowed to physically input the data into the HERS II approved software?

A54. Second Tier programs do not require a HERS II whole-house energy rating. Second Tier programs address individual energy efficiency measures installed by individual building trades (specialty) contractors. For those Second Tier measures for which the Building Energy Efficiency Standards have established field verification protocols, field verification by HERS raters (HERS I) is required. HERS II whole-house home energy ratings/energy audits are required only for Third Tier programs. Data entry into HERS II approved software must be done under the supervision of certified HERS whole-house raters.

Q55. Given that the IOUs are at the early stage of holding working group meetings with stakeholders to develop Whole House Retrofit Programs in response to CPUC direction, how should proposals express our coordination with these programs (see "Residential Retrofit Workshop" and "Retrofit Guidance" at http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EE+Workshops/)? Should leverage funding estimates in response to the Residential Retrofit Proposal assume the 2010-2012 utility funding that each IOU proposed to the CPUC or should bidders endeavor to anticipate utility funding levels coming out of the current program development work that the IOUs are pursuing with stakeholders in response to CPUC direction?

*A55. Related to coordinating with the IOUs' residential retrofit programs that are directed by the CPUC's decision (see **Section III, Program Proposal***

Requirements, Collaboration with National and State Programs *of the RFP), it is a good point that there is considerable additional program planning that will need to be done for those programs. Proposals in response to the Residential Retrofit Program RFP-403 can only explain the collaboration with those programs to the extent that the bidders understand the utility program plans and that those programs are developed. Leverage funding estimates should be based on the bidder's understanding of the IOUs' current program development effort in response to the CPUC's direction.*

Q56. The RFP was written with a primary focus on energy efficiency retrofits in single family buildings, but there was little focus on the unique energy efficiency opportunities and barriers for multifamily buildings. The HERS II and Home Performance w/ENERGY STAR programs have primarily a single family scope. Is the Commission open to proposals that would focus on multi-family buildings, including using other tools, developing new tools and developing training curriculum?

A56. Yes. The RFP states this intent in the footnote, clarifies that multi-family programs are expected to pursue Third Tier, whole-building approaches, and calls for proposed multi-family programs to explain how their proposed program will establish parallel and comparable energy audit and field verification approaches to conduct Third Tier level of services to achieve whole building energy efficiency opportunities unique to multi-family buildings.

Q57. If mixed use (part residential and part nonresidential) buildings are retrofitted under the Residential Retrofit Program (RFP-403), and the energy that is related to fixing the envelope can not be easily distinguished between what's residential and non-residential, then should the estimated energy savings in the proposal count all the energy savings for the building or endeavor to estimate only what is residential? Would energy savings from measures in the common areas of multi-family buildings count?

A57. One of the expectations of the Residential Retrofit Program programs is that programs that pursue multi-family retrofit energy savings need to explain how they are going to go beyond the scope of the HERS program and the Home Performance with Energy Star program to explain how they will address the variety of energy uses of those buildings and the uniqueness of those buildings, and need to explain how they will do energy audits. Conceivably, the whole building of mixed use buildings (including the common areas of multi-family buildings) would be addressable under such multi-family programs and the estimated energy savings could count for the whole building. Proposals should explain the rationale for their estimates.

Q58. I understand under the Residential Retrofit Program that it is optional for a Bidder to provide a First Tier program, only if the proposal justifies that such a program exists in the region and the other First Tier program makes

participants aware of the Second and Third Tier services provided by the program proposed by the Bidder. Does the same concept hold for Second and Third Tier programs? Are you expecting each proposal to address the market of what's there and if the proposed program is not proposing to provide one of the Tiers, that there is some alternative for that Tier in the region?

A58. That is not correct. The RFP discusses what is expected for First Tier programs, Second Tier programs, and Third Tier programs ***Section II, Goals and Objectives, Three-Tiered Approach****. The proposal does not have to include a First Tier program, but if not, the proposal needs to explain how First Tier services are being provided in the region and how the proposed program will get referrals from that First tier process. The Second Tier is expected to be provided in order to provide rapid start-up and delivery of retrofits, recognizing the short time window that ARRA funds are available and the more demanding training and program delivery needed by the Third Tier approach. Given that HERS II providers and raters may not be available at the time that Commission approved contracts with the strongest bidders are signed, and major training and infrastructure development is required to develop Third Tier programs, Second Tier programs are important to get retrofits started. The RFP states that the Second Tier is not absolutely required if bidders justify why they are particularly able to overcome the challenges of Third Tier programs while providing rapid start-up and delivery; that justification will be evaluated for credibility. The Third Tier is required, and is the Commission's preferred program and the program that is necessary if California climate and energy goals are to be met. Programs are expected to transition to vigorous Third Tier programs over the period that ARRA funds are available.*

Q59. In some milder climatic regions of the state, Third Tier whole-house projects may not be cost effective. Does the Commission agree with that statement, and if so, can proposals exclude Third Tier programs in milder climate regions?

A59. No, the Commission does not agree that whole-house retrofits would not be cost effective in milder climates. There may be a fewer number of measures that are shown to be cost effective for some homes in milder climate zones, but conducting whole house retrofits remains prudent. All proposals are expected to have Third Tier programs.

Q60. Would any energy efficiency measures related to reroofing be eligible for funding under the Residential Retrofit Program RFP-403? If so, what measures?

A60. The measure checklists at the end of ***Section II, Goals and Objectives*** *of the RFP provide examples of measures that would be eligible for funding under both the Second and Third Tier programs at reroofing. This would include installing a cool roof and/or a radiant barrier. Other measures would include increased attic*

insulation, insulation at the roof deck, increased attic ventilation, and sealing and insulation of ducts in the attic. To be eligible the measures would have to meet or exceed the alterations requirements for the 2008 Building Energy Efficiency Standards, and be installed by a properly licensed contractor who has pulled a building permit.

Q61. Please clarify what type of program the California Comprehensive Residential Building Retrofit Program is. The description in BidSync appears to allow Municipal Agencies to submit proposals to conduct programs to meet regional residential retrofit needs rather than invite building trades contractors to submit bids on specific retrofit projects.

*A61. That is correct. See **Section II, Goals and Objectives** in the RFP.*

Q62. For markets where there is a lack of pre-existing infrastructure necessary to deliver whole-house retrofits meeting the Third Tier program requirements, there will be considerable efforts and costs necessary to build that infrastructure. Is the Residential Retrofit Program (RFP-403) intended to cover those infrastructure building costs?

*A62. Yes. The regional consortia, funded under the Residential Retrofit Program, is expected to conduct each of the program elements specified in **Section II, Goals and Objectives, Local Government Consortia** of the RFP. This will require considerable attention to building the infrastructure needed to deliver the deeper, whole-house retrofits that will be needed to achieve California's energy and climate change goals and mandates. In so doing the program is intended to lead to sustainable, lasting changes in the market.*

Q63. Under the Residential Retrofit Program, is the intent to have a multi-city region, or can a City apply as a region with a consortium that serves the city? Will proposed programs that have a larger number of local government participants have preference over those with fewer local government participants?

*A63. See **Section III, Program Proposal Requirements, D. Regional Approach** in the RFP. Regions are expected to be bigger than just an individual city. Having a greater number of strongly committed local governments would be better, all other aspects of the proposals being equal.*

Q64. The Residential Retrofit Program RFP requirement for regional consortia which engages local governments would make it difficult to coordinate a statewide effort. How would you advise an entity wishing to propose a statewide program, and must all local governments be represented in a statewide program?

A64. The intent of the Residential Retrofit Program (RFP-403) is to engage local governments and other participants making up a regional consortia to establish comprehensive residential retrofit programs that are pursued as a regional priority, taking full advantage of leveraged resources from the region. This is anticipated to be a challenging endeavor, but achievable even for a large region.

Q65. Would the Municipal Financing Program (PON# 400-09-401) be primarily for Solar projects while the Municipal and Commercial Retrofit Program (RFP # 400-09-402) primarily be for energy efficiency retrofits?

A65. It is correct that the Municipal and Commercial Targeted Retrofit Program (RFP-402) provides funding strictly for energy efficiency retrofits – onsite solar electric (PV) is not eligible for this program funding. Eligible energy efficiency measures are those that are listed in the RFP and Guidelines or other measures that are demonstrated to be best practice, market transformative and approved by the Energy Commission. The Municipal Financing Program requires that the State's loading order be followed with energy efficiency being provided priority over onsite solar electric generation. Projects that are eligible for ARRA SEP Municipal Financing Program funding must reduce the building's total energy use through energy efficiency retrofits by ten percent to also be eligible for onsite solar electric generation.

Q66. The last bullet in the Tier Three "Measure Checklist," indicates that installing "PV that is well integrated with energy efficiency" is part of the third tier potential package. Does that mean that the electric energy offset by PV systems counts toward meeting the 10 Million Btus per $1000 in the overall CRBRP goal?

A66. Yes, the intent of the Third Tier programs would be that solar electric generation could be funded in conjunction with retrofits of the energy efficiency measures

found by the HERS II process to be appropriate for the house. In terms of the impact of solar electric generation on Program Cost Effectiveness, the annual electricity generated by PV systems would be included in the numerator of the Program Cost Effectiveness calculation and the ARRA SEP funding that contributes to the purchase of PV systems would be included in the denominator.

Q67. The Measure Checklists for Second Tier and Third Tier programs of the Residential Retrofit Program RFP include, "Replace air conditioner or furnace near end of useful life with CEE qualifying model" and "Correct air conditioner and furnace installation defects." Are HVAC system replacements for the sole purpose of energy reduction (e.g., SEER 10 to SEER 16) and HVAC system downsizing for the sole purpose of energy reduction (e.g., 3.5 ton system reduced to 1.5 ton system) qualified under the Second Tier and Third Tier programs?

A67. Replacing air conditioners that are near the end of their useful lives with energy efficient and properly sized units are certainly possible retrofits under both Second and Third Tier programs. Energy efficient air conditioners should meet both the SEER and EER criteria of the Consortium for Energy Efficiency (CEE) program and be properly sized. When installed these units should meet all Building Energy Efficiency Standards requirements for alterations (e.g., duct sealing, refrigerant charge) and be free from installation defects as determined through field verification protocols. Replacing air conditioners that are not near the end of their useful lives may be a questionable practice from both a cost effectiveness and resource management perspective. The appropriateness of such replacements can be evaluated as part of the HERS II rating process.

Q68. In calculating energy benefits for the Residential Retrofit Program, do the energy savings resulting from targeted behavioral changes count?

A68. Yes. These are examples of possible items that could be addressed by First Tier programs. Energy savings calculations should account for reasonable rates of acceptance of recommended behavioral changes, and the expected savings that would occur in a typical one year period for the buildings where the behavioral changes are made. Proposals must fully document the justification for such savings.

Q69. Can funds received by building owners from other sources (such as utility rebates, tax credits, EECBG, HUD, LiHEAP, WIB, EDD, municipal financing, other financing) be counted toward leverage funding?

*A69. Yes. As stated in **Section II, Goals and** Objectives, Local Government Consortia of the Residential Retrofit Program RFP-403, gaining access to such funding is a required program element. If the funding will be used to achieve the proposed program retrofits, then it counts as leverage finding.*

Q70. How are non-energy benefits addressed in the California Comprehensive Residential Building Retrofit Program?

*A70. As mentioned in the **Section II, Goals and Objectives**, **Third Tier** sub-section of the RFP, Third Tier, whole-house retrofits will deliver not only energy efficiency, but also important non-energy benefits, including comfort, indoor air quality, combustion safety, and noise attenuation benefits, which are expected to increase program participation. This is part of the policy rationale for the Commission's preference for Third Tier programs. The extent to which proposals include Third Tier programs will be assessed under multiple evaluation criteria. There is not a separate evaluation criteria for non-energy benefits*

Q71. Would a publicly-owned utility be eligible to be the prime contractor in a proposal for the Residential Retrofit Program?

A71. Any member of that team could be the prime contractor. We originally were expecting that the local government would be the prime, and are looking for a strong commitment from the local governments throughout the region. Its possible that the team might decide that it is better to have a different entity as the prime. If that is the case then the proposal needs to explain why that would be a better approach.

MUNICIPAL AND COMMERCIAL BUILDING TARGETED MEASURE RETROFIT PROGRAM

Q72. What type of organizations can apply to the MCR Program? Does the Energy Commission have a preference for either public or private organizations?

A72. Any type of organization is allowed to be a Bidder in the 400-09-402 ARRA SEP Municipal and Commercial Building Targeted Measure Retrofit Program solicitation. Public agencies, including state, regional and local governments, publicly-owned utilities, universities, colleges, school districts and other special districts are eligible to be a Bidder and are also eligible to partner with other Bidders. Likewise, private companies including both for profit and non-profit organizations are eligible to be a Bidder and are also eligible to partner with other Bidders. The Energy Commission will not give any preference to either public or private organizations that submit proposals into the MCR Program solicitation.

Q73. What types of buildings or facilities can be retrofit in the MCR Program? Is there a preference for either public (municipal) or private (commercial) buildings to be included?

A73. All types of nonresidential building structures are within the scope of the MCR Program, including but not limited to office and retail buildings, restaurants, food stores, hospitals, hotels, warehouses, parking garages, sports facilities and mixed-use buildings. There is no preference for either public or private buildings to be included in program proposals.

Q74. Can both dwelling units and common spaces in apartment, multi-family or mixed-use buildings be included in the MCR Program?

A74. No, the MCR Program will only implement retrofit measures that are appropriate for the common spaces in apartments and other multi-family buildings, and for the nonresidential spaces in mixed-use buildings. Common and/or nonresidential spaces in these buildings or surrounding grounds include but are not limited to stairwells, walkways, parking lots, parking garages, laundry and cooking facilities, meeting rooms and retail spaces.

Q75. Can the retrofit activities in an MCR Program proposal be limited to a single building or a small group of buildings? Can the MCR Program fund comprehensive retrofits of a single building or a small group of buildings?

A75. No, the MCR Program is designed to deploy specific retrofit measures in numerous buildings so that significant impacts and perceptible market changes can result. While the MCR Program is not designed to complete comprehensive building retrofits on single buildings, targeted measures can be deployed as part of a comprehensive retrofit program if (1) separate funding is used to fund the retrofit activity that is not part of the targeted measure deployment, and (2) single building owners or their agents partner with an MCR Program that is deploying targeted retrofit measures on a broader scale than for a single or small group of buildings.

Q76. Are new building construction projects or new systems in existing buildings eligible for the MCR Program?

A76. No, the goal of the MCR Program is to reduce the energy consumption of existing buildings. Efficiency measures in new construction projects cannot be funded with ARRA SEP dollars. Additions of lighting, HVAC or other systems that will consume energy in existing buildings cannot be funded with ARRA SEP dollars.

Q77. What types of retrofit measures can be deployed in the MCR Program?

A77. The MCR Program is designed to deploy "best practice" nonresidential building retrofit technologies, as defined in the ARRA SEP Guidelines and MCR solicitation. The Bidder must justify with referenced case studies or other documentation that the retrofit measures proposed are best practice technologies. MCR retrofit measures will provide significant energy savings for one or more energy systems within or providing direct services to nonresidential

buildings. The energy systems that can be considered for retrofit activities include but are not limited to building envelopes, indoor and/or outdoor lighting, HVAC, water heating, refrigeration and cooking, as well as water consuming services and processes.

Q78. What types of retrofit measures cannot be deployed in the MCR Program?

A78. The MCR Program will deploy only best practice energy efficiency technologies relevant to nonresidential buildings and the grounds that provide direct services to these nonresidential buildings. ***General street lighting and traffic signals are not eligible for the MCR Program, although outdoor lighting for the streets within a campus of buildings is eligible for the MCR Program. Industrial processes such as wastewater treatment and water pumping are*** **not** ***eligible for the MCR program. Power and/or heat generation systems such as solar electric systems and cogeneration systems are not eligible for the MCR Program.*** *The purpose of the program is to implement a few, best practice measures in a large number of buildings of the same type, e.g., grocery stores or classrooms. The purpose is not to complete comprehensive retrofits in a single building or a limited number of buildings, nor retrofit conventional measures that are commonly eligible for utility incentive programs.*

Q79. When we asked earlier, Energy Commission staff said that street lighting and water treatment facilities were eligible for the MCR Program? Why did the Energy Commission change its mind?

A79. The Energy Commission has received numerous questions on the eligibility of retrofit measures for energy consuming processes that do not directly provide services to nonresidential buildings. The Energy Commission decided that it is best to limit the MCR Program to deploy best practice technologies within nonresidential buildings or the grounds that provide direct services to nonresidential buildings. This decision supports the original design of the MCR Program and will allow the Energy Commission to evaluate and ultimately select MCR Programs that will directly contribute to the state's energy savings goals for the nonresidential building sector.

Q80. Can lamp replacements in a lighting system be considered a best practice technology, given that they may not have the same level of persistence or permanency as fixture replacements?

A80. For each and every retrofit measure proposed, the Bidder must provide the justification for why the proposed technology should be considered a best practice technology. Lamp replacements, as an example, may be a best practice technology if they provide high efficacy lighting, if the light levels provided are appropriate for the given space uses, if the luminous efficacy has been proven to persist over time and if the replacement lamps provide the same or better uniformity of light distribution as the original lamps.

Q81. Does the MCR Program only allow replacement technologies, or can a retrofit technology be added or a retrofit strategy be applied to existing equipment?

A81. A retrofit measure can either replace a less efficient technology, be added to existing equipment, or be applied to existing equipment as long as the retrofit is a best practice technology or strategy. For example, a control system can be added to existing lighting or HVAC equipment that results in significant energy savings.

Q82. Will retrofit measures proposed as best practice technologies be evaluated higher if they provide non-energy benefits?

A82. Yes, the definition of "best practice" technologies in the ARRA SEP Guidelines and MCR Program solicitation includes the provision of non-energy benefits, and these benefits will be evaluated along with other retrofit measure attributes within the Targeted Measure category of the Program Design evaluation criteria.

Q83. Can other retrofit measures that are not best practice technologies be funded by ARRA SEP funds if they are combined with retrofit measures that are best practice?

A83. No, the ARRA SEP funds must be spent only on deploying best practice technologies, not on other retrofit activities that may be planned for the same buildings.

Q84. Can partner funds spent on other retrofit activities within the proposed program count as leverage funding if these retrofit activities are not deploying best practice technologies?

A84. No, separate funds can only count as leverage if they are spent on retrofit activities and other program implementation tasks that directly relate to deploying best practice technologies consistent with the design of the MCR Program.

Q85. What about a retrofit measure such as a task/ambient lighting system, where the ambient lighting system retrofit falls in the Express Efficiency Program, but the task lighting component or equivalent control system is considered a best practice technology?

A85. The Energy Commission considers a task/ambient lighting retrofit a single measure, and if the specific proposal is judged to be a best practice technology by the Energy Commission, then ARRA SEP funds can be applied to all components of the measure. Since the ambient lighting component is covered by the Express Efficiency program, the Energy Commission expects that proposed programs will include the investor-owned utility incentives for the ambient system retrofit as leverage funds for the MCR Program. The ARRA SEP funds can be used for the costs of the ambient lighting component not covered

by the utility incentives, as well as for the task lighting component that, when combined, comprise a best practice task/ambient lighting system retrofit.

Q86. What version of the Express Efficiency list should be used to determine whether or not a retrofit measure will be incented by a investor-owned utility program in the future?

A86. Use the most recent published version as of October, 2009.

Q87. Does more than one type of retrofit measure (e.g. lighting and HVAC) need to be deployed in a single MCR Program?

A87. No, there is no requirement for more than one best practice technology to be included in an MCR Program.

Q88. If a proposal includes multiple targeted measures but one of the measures is not approved by the Energy Commission as a best practice technology, will the proposal be rejected or can the proposal be evaluated for the deployment of the remaining measures?

A88. As explained in A.83, ARRA SEP funds may only be spent on deploying best practices technologies, and may not be spent on other retrofit activities. The Energy Commission will disqualify proposals that are not completely within the scope of the MCR Program. The design of the MCR Program requires best practice retrofit measures that result in substantial energy savings and provide additional non-energy benefits. The Energy Commission will determine whether proposed retrofit measures are best practice based on this program design concept, as described in the RFP.

Q89. Can a targeted measure be proposed if the case study that proves it to be a best practice technology will not be completed until after the proposals are due?

A89. The Bidder must assume the risk that the proposed technology will not be able to be evaluated by the Energy Commission if there is not enough information provided in the proposal. The Bidder should make every effort to provide documentation that the retrofit technology is applicable for the MCR program and will be available in quantities necessary to make significant impacts and perceptible market changes within the ARRA SEP program period. If a completed case study is not available for the specific application proposed, the Bidder is encouraged to document the benefits of the proposed retrofit measure by using case studies completed with the technology for other market segments.

Q90. What is the local, regional or statewide coverage that is required for the MCR Program?

A90. The intent of the MCR Program is to deploy best practice retrofit technologies broadly enough so that significant impacts are realized and specific markets are

changed. There is no requirement or preference in the MCR Program for local, regional or statewide deployment of specific retrofit technologies. For example, an association of governments can work with their member government agencies to deploy targeted measure retrofits in non-contiguous areas of the state. Another example is that a private organization can recruit partners to deploy targeted measure retrofits in buildings throughout the state, in one focused region or in one specific locale in the state.

Q91. What types of partnerships are required or preferred for the MCR Program?

A91. The MCR Program design calls for public and/or private partnerships to deploy targeted measures in numbers sufficient to make significant impacts and perceptible market changes. There are no preferences for public partnerships, private partnerships, or public/private partnerships. There are no strict requirements for the number of partners that must be included. Partnerships in MCR Programs should increase leverage funding, which will also increase program cost-effectiveness.

Q92. Can local government commitment in a proposed program be represented by the participation of a regional or statewide association of governments that has local governments as members?

A92. Yes, however the Energy Commission still wants to see evidence from specific local governments that they are aware of and plan to participate in the program lead by the association of governments that they are a member of.

Q93. What types of program activities can ARRA SEP funds be spent on?

A93. ARRA SEP funds can be spent on any aspect of the MCR Program proposed, including but not limited to program administration, workforce training, energy audits pertinent to the targeted measures, participant recruitment, program marketing and outreach, retrofit measures, retrofit installations, and savings verification. ***Please note, however, there is a cap on expenses for administrative equipment and supplies as provided in Title 10 of the Code of Federal Regulations (C.F.R.), Section 420.18(b). Specifically, no more than 20 percent of each award may be used to purchase "office supplies, library materials, or other equipment" whose purchase is not otherwise prohibited by Section 420.18.*** *10 C.F.R., Section 600.101, defines "equipment" as "tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit." Retrofit measures and equipment that is used in the installation of retrofit measures are not considered equipment subject to 10 C.F.R. 420.18(b).*

Q94. Do energy efficiency audits and/or engineering plans to complete retrofits need to be conducted prior to submitting a proposal into the MCR Program solicitation?

A94. No, there is no requirement that all audits and other retrofit planning activities be completed prior to submitting a proposal. The MCR Program design includes training workers to conduct the audits necessary to identify opportunities and estimate savings for targeted measure retrofits, so it is expected that this type of workforce development and job creation or retention will occur during the program implementation.

Q95. Do we need to document commitments in our proposals for at least $2M of retrofit projects and the leverage funding each retrofit participant will bring, or can participants be recruited and leverage funds added after the program starts?

A95. It is not expected that all of the retrofit projects are identified at the proposal stage of the program. The MCR Program design includes developing a plan for participant recruitment, so it is expected that this activity is conducted during the program implementation. However, commitments from building owners and other retrofit participants that are identified and leverage funding that is documented in the proposal will be valued in the scoring process.

Q96. Can one organization fulfill multiple roles within the program? For example, can one organization be the Program Administrator, the product manufacturer and the retrofit installation contractor for the targeted measures deployed?

A96. Yes. The proposal should clearly explain how the team organizational structure and team members have the experience and expertise to complete all aspects of the program, including both administrative and technical tasks.

Q97. How can qualified contractors be involved in the proposal development process?

A97. The Energy Commission encourages qualified contractors to use the ARRA SEP partnering website (http://www.energy.ca.gov/recovery/sep.html), where they can identify themselves as a qualified contractor so that program administrators and other team members can consider partnership opportunities.

Q98. Can local governments receiving EECBG and/or ECAA funds use this as leverage funding in the MCR Program?

A98. Yes, but only if the EECBG and/or ECAA funds are also committed to deploying best practice technologies as defined in the MCR Program solicitation. Other building energy efficiency retrofits funded with EECBG and/or ECAA funds would not count as leverage funding for the MCR Program.

Q99. In Section III. Program Proposal Requirements, PARTICIPANT RECRUITMENT AND PROGRAM COMMUNICATIONS, the solicitation includes the text: "educate consumers and recruit participation." Does this

mean educating and recruiting the market players that will make the decisions to participate in retrofit activities?

A99. Yes, however the MCR Program also strives to increase public awareness of energy efficiency through marketing campaigns that publicize the retrofits that are being accomplished in California with ARRA SEP funds.

Q100. In Section III. Program Proposal Requirements, which sections fall within the Program Design component?

A100. The Program Design component includes the following sections:

- *Targeted Measures*
- *Public and Private Partnerships*
- *Collaboration with Existing Efficiency Programs*
- *Economically Disadvantaged Areas*
- *Sustainability / Lasting Changes in the Market*
- *Quality Assurance*
- *Verification of Energy Savings*
- *Participant Recruitment and Program Communication*
- *Team Organizational Structure*

These are also identified in the Stage 2 – Proposal Evaluation Criteria table at the end of Section VII.

ADMINISTRATIVE

Schedule

Q101. I searched the website for the proposal due date, but couldn't find it. When are the proposals due?

*A101. All proposals are due **December 21, 2009**. The schedule is listed on page 2 of each solicitation. Please see Addendum #2*

Fund allocation

Q102. How is the total $95 million dollar budget for these ARRA SEP programs allocated between the three different programs?

*A102. There is not a specified allocation of the funding to each of the three programs. Proposals from all three solicitations are competition for the $95 million... Funding will be awarded to the highest scored proposals. As a result, funding may not be distributed equally among the three programs. In fact, it is possible that one of the programs may receive the bulk of available funds. See **Section I Introduction, Available Funding** in each of the solicitations.*

Q103. Can a bidder submit more than one proposal per Program?

A103. Yes. Each proposal has a $2 million contract minimum.

Q104. Does the $2 to $20 million amount refer to ARRA funds requested only, or to total estimated project funds?

A104. It refers only to ARRA SEP funds.

Q105. Will the Energy Commission initially fund proposals for less than the amount requested?

A105. No. The Energy Commission expects to award contracts for the amounts requested by the winning Bidders. The Energy Commission will use the first Critical Program Reviews explained in the solicitations to evaluate progress and determine whether or not funds need to be reallocated amongst ARRA SEP contracts to insure that all budgeted funds are expended on completed projects by March 31, 2012.

Fund expenditures

Q106. Can ARRA SEP funds be used to pay for an existing position within an organization, where the person filling the position will help implement and manage the proposed program? If the organization pays for the position, can this be counted as leverage funding?

A106. Yes, the ARRA SEP funds can be used to pay for persons to administer the program. However the ARRA SEP funds can only be used to implement the retrofit and/or financing programs, these funds cannot be used for any other purposes. Yes, leverage funding does include in-kind services provided and paid for by organizations participating in the program. Details on this topic can be found in the LEVERAGE FUNDING section of Section VI. ARRA SPECIFIC IMPORTANT INFORMATION, in the solicitations. ***Please note that ARRA SEP funds may not be used to supplant existing sources of funds. See also A.85.***

Q107. Can ARRA SEP funds be used to hire a Program Administrator? If so, is there a dollar limit or a percentage limit as to how much can be used?

A107. There are no dollar limits or percentage limits on funding for any person within the proposed program team. Programs costs will be evaluated in terms of the evaluation criteria that are listed in the Cost Summary portion of the Evaluation Criteria tables shown in the Evaluation Criteria sub-section of Section VII Evaluation Process and Criteria of each solicitation.

Q108. It is our understanding that administrative costs are limited to 10%, and we would like to confirm. Also, is there a separate budget/ line item/percentage limit for marketing and outreach? Does the CEC have any guidelines as to the percentages of administrative costs, outreach and marketing contained within each proposal?

A108. Pursuant to 10 Code of Federal Regulations (C.F.R.) Section 420.18(b), no more than 20 percent of each award may be used to purchase "office supplies, library materials, or other equipment" whose purchase is not otherwise prohibited. For the purposes of 10 C.F.R. Section 420.18(b), "equipment" is defined pursuant to 10 C.F.R. Part 600 as an "article of non-expendable, tangible personal property that has a useful life of more than one year and an acquisition cost of $5,000." Retrofit measures and equipment that is used in the installation of retrofit measures are not considered equipment subject to 10 C.F.R. Section 420.18(b).

The reasonableness of the budget proposed for all uses will be evaluated and scored by the Energy Commission.

Q109. Does the Commission have preferred vendors to serve as the program administrator?

A109. No. The Commission expects that bidding teams will be well integrated, experienced, and knowledgeable regarding the program requirements documented in the Guidelines, solicitations and related documents, who have strong, demonstrated ability to deliver these programs over the short, critical time period that the funds are available to achieve market transformational results that will be sustainable into the future, and who through strong proposals and Scopes of Work are able to score strongly in a high number of the evaluation criteria.

Q110. Can SEP funds be used to pay for design activities? The RFP seems to address implementation activities but does not specify if design activities are allowable.

*A110. The intent of each of the solicitations is to accomplish highly effective retrofits in existing buildings. Activities necessary to achieve such retrofits are eligible for funding as long as all requirements of the solicitations and Guidelines are m*et.

Q111. Can small counties use their EECBG funds to pay for proposal writing services to pursue SEP funds? If not, does the CEC have resources for small counties to help offset proposal writing costs?

A111. No, EECBG funds may not be used to prepare a proposal for SEP funds. The Energy Commission does not have any funds available for solicitation proposal preparation.

Competitive Bidding

Q112. Do the State's competitive bidding requirements apply to all partners in a program proposal? Is it necessary to conduct a competitive bid process to select a private company to be part of a proposed program prior to submitting a proposal to the Commission?

A112. The solicitations and competitive process they create serves as the means to satisfy competitive bidding requirements for all sub-contractors that are included in the proposal to the Energy Commission. In some cases, sub-contractors may need to be added after the contract is signed. Local government competitive bidding processes will suffice for that purpose, and prime contractors who are private entities will need to follow Commission requirements for competitive bidding consistent with the Terms and Conditions (Contract Ts and Cs attachments to the solicitations).

Q113. Do all subcontractors have to be hired by the prime contractor, or can sub-contractors hire contractors to work for them?

A113. Subcontractors can hire contractors as long as the requirements in the Ts and Cs are met.

Partnerships

Q114. When will companies have an opportunity to be on the Energy Commission's Partnership list?

A114. Partnership forms can be completed and submitted at any time.

Q115. What is the purpose of the Notice of Intent? Will it include a scoping plan for the key components of the proposal? Will the Notice of Intent be publicly available so that people who want to team up with others will be able to identify potential teams? Will this provide an opportunity for people who want to be program administrators to identify people who want to do other types of work, and vice versa?

A115. The Notice of Intent to Bid Requirement section in each of the solicitations explains the Notice of Intent. Its purpose is to aid the Commission in identifying the resources that will be needed for evaluation of the proposals. The Notices of Intent to Bid will be kept confidential throughout the time period when bidders are completing and submitting their proposals and the Commission is doing the evaluations, up until the point that the Commission posts the Notice of Proposed Awards. So, no, the Notice of Intent will not serve as a vehicle for people to identify others that they could team up with to develop proposals. The Commission has set up the ability for people to find out about each other's interests at the "Become an SEP Partner" section of the State Energy Program webpage at http://www.energy.ca.gov/recovery/sep.html. At this section, people can view partner information and identify potential partners, and fill out an SEP Partner form to add their own information and intent to bid for others to access.

Q116. How can small companies/start ups get involved in these programs and get involved in partnerships to submit proposals?

A116. Interested parties may complete and submit a partnership form on the Energy Commission's recovery website (see link above).

Resolutions

Q117. What documentation is required from program partners to show agreements to participate?

A117. At the proposal stage, a letter of commitment that describes their role in the proposed program should be provided by each collaborative partner, and in the case of a local government, the intent to provide a resolution from the governing body by March 15, 2010 (the letter of commitment should indicate that the signee has authority to commit the local government to do so). If the proposal is selected for funding by the Commission, all local governments who are collaborating in the program will be required to submit the resolutions by the January 18, 2010 due

*date. See **Section V, Administrative Information, Governing Board Documentation** in the solicitations.*

Q118. In Attachment 15, Bidder's Authorizing Resolution, the two examples provided ask for information that is not applicable to the ARRA SEP programs, and they include vocabulary that is not used elsewhere in the solicitation documents. For example, what does the term "contributions" on Page 5 refer to? For another example, on Page 3 and 5, how can "proposed projects" be described at this proposal stage? Are public entities participating in an ARRA SEP proposal required to use one of these examples, or can public entities provide a resolution that better reflects the information that is known and appropriate to convey for the ARRA SEP program?

A118. No, public entities are not required to use one of the examples provided in Attachment 15, but the Authorizing Resolutions provided must include the information itemized on Page 1 of Attachment 15. If a public entity wishes to use one of the examples provided, they should replace the words "grant award contributions" with "leverage funding", and only provide as much information as is known on specific retrofit and/or financing projects planned.

Multiple Bids

Q119. If a partnership wants to propose to conduct a program that would obtain funding under each of the solicitations, could it be one proposal or would it have to be three separate proposals?

*A119. A separate proposal is required for each program (see **Section I, Available Funding** in each solicitation).*

Q120. If a county is part of a large regional group that wants to apply for the Municipal Financing Program asking for one use of SEP funds – only interest rate buydown for example- could the county apply on its own under a separate proposal for other SEP fund uses? Would those proposals be competing?

A120. A local government can be part of more than one proposal. Each proposal will be scored and ranked separately, so the score on one proposal will not alter the score on another. If the proposed programs are complimentary, each proposal should detail how it will operate both if the other proposal is funded by SEP and if it is not.

Q121. There has been some confusion about jurisdictions participating on different teams. As we read the Guidelines and RFP, the CEC is concerned that no applicant claim the same leverage funding on two proposals they are participating in without stating the percentage of the funding that applies to each – to prevent double counting of the leverage funding. But

there appears to be no other prohibition, nor even admonition to not be a part of two different teams. Is that correct?

A121. That is correct. It is acceptable for jurisdictions to participate on more than one team for proposal purposes. The proposals should make clear what action the jurisdiction will take if the Commission determines that more than one of the proposals in which the jurisdiction is named as a partner are among the strongest proposals and selected by the Energy Commission for award. The proposal should provide answers in to the following questions. Will the jurisdiction withdraw from all but one of the proposals? Which one? Will the jurisdiction be able to supply the leverage funding resources for all of the approved proposals? Will the jurisdiction have the capacity to fulfill the Scope of Work in all of the approved proposals?

References

Q122. The program announcement calls for CLIENT REFERENCES (Include three customer references for the Bidder and each subcontractor). If the bidder is a regional agency and its participants are local governments, what type of references is the CEC looking for?

*A122. We will revise the solicitations to delete the information related to Client References. However, we will add requirements in the **Program Team Qualifications and Experience** section of the solicitations to require for the identification of 3 references per prime and subcontractor, both for public agencies and private organizations in these roles, who can independently assess that prime's or subcontractor's effectiveness in previously delivering similar programs or meeting similar responsibilities.*

Q123. Please clarify if resumes are required for all personnel involved in a proposed program.

A123. A resume should be submitted for every person on the team who is playing a critical role, which requires specific experience and/or expertise. Resumes should be provided for all team members shown on the organization chart specified in the Team Organizational Structure. Resumes should be submitted for all sub-contractors and for all program partners who play a critical role but do not receive ARRA funds. For the Residential Retrofit Program resumes should be submitted for persons at local governments who are responsible for insuring that the program is carried out as a high regional program.

Roles

Q124. Is it acceptable for a company to be a subcontractor under multiple proposals to a program? Would this negatively affect the proposals?

A124. Yes, it is acceptable, and no, it is not a drawback.

Timing

Q125. Do all contractors that will complete building audits and retrofit installations need to be identified in the proposals?

A125. No, the Energy Commission expects that the proposals will explain the processes that will be used to qualify and select contractors during the program implementation, but qualifying and selecting contractors is not required or expected at the proposal stage.

Equipment

Q126. Are retrofit measures (e.g. lighting fixtures, control systems) considered "equipment" under the definition included in the solicitations? Can retrofit measures be purchased with ARRA SEP funds?

A126. Relative to the requirement in 10 C.F.R. Section 420.18(b) that the cost of "equipment" must be limited to no more than 20% of each contract award amount, 10 C.F.R. Section 600.101, defines "equipment" as "tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit." Retrofit measures and equipment that is used in the installation of retrofit measures are not considered equipment subject to 10 C.F.R. 420.18(b).

Yes, ARRA SEP funds can be used to purchase the retrofit measures that will be deployed in the programs.

Q127. Are measurement instruments required to verify energy savings considered "equipment"?

A127. Yes, measurement instruments such as data loggers and sensors are considered equipment because they will be used in the retrofit program implementation processes. Bidders are advised to consult the Title 10 Code of Federal Regulations equipment provisions if equipment is purchased with ARRA SEP funds.

Contract Implementation

Q128. Can invoices be submitted monthly, or only at the conclusion of a specific program stage?

A128. It is expected that invoices will be submitted monthly. The requirement is that all appropriate deliverables will be included with the invoices. A monthly progress report is the one deliverable that must accompany each invoice. Other deliverables shall accompany an invoice if they have been completed within the time period covered by the invoice.

Q129. Can you clarify how many and what type of project team members are required to attend the contract kick-off meeting?

A129. An Energy Commission contract kick-off meeting is typically attended by the technical lead, the accounting lead and the contract/legal lead for the program. For ARRA SEP contracts, the team members responsible for ARRA reporting must also attend the kick-off meeting. Some programs use the opportunity of the contract kick-off meeting to schedule a program planning meeting with other members of the team and the Energy Commission Contract Manager on the same day. However, a physical meeting for the contract kick-off is not required; this meeting can be a phone or web conference.

Q130. How do the categories of Bidder and Subcontractor used in the ARRA SEP solicitations relate to the ARRA reporting categories of Recipient, Sub-recipient and Vendor?

A130. For California, the ARRA SEP recipient is the Energy Commission. Under the federal reporting categories the Bidder, if awarded a contract, will be a sub-recipient and could be a vendor depending on what functions the Bidder plays in the proposed program. The Bidder's subcontractors could be either sub-recipients or vendors or both. See OMB Circular A-133, Section 105 for definitions of sub-recipient and vendor and Section 210 for how to determine whether an entity is a sub-recipient or a vendor. **http://www.whitehouse.gov/omb/rewrite/circulars/a133/a133.html#a**

Q131. Will individual sites or districts being retrofitted be required to provide any ARRA reporting, or will it all be handled with the program administrator?

A131. The program administrator and their subcontractors should be able to collect the necessary information at the sites to do the reporting.

Q132. Are there web links to the ARRA and State transparency and reporting requirements?

A132. Yes, each solicitation lists multiple transparency and reporting requirement websites.

Q133. With regards to the reporting requirements, many of the utilities already collect significant data through their energy efficiency programs that we would be able to conceptually use to report for the ARRA reporting. Would that be acceptable, or will the Energy Commission require independent verification outside the utility data to meet reporting requirements?

A133. Bidders that are awarded a contract (i.e., contractors) will have to meet all ARRA data reporting requirements of the federal government (see Attachment 14 for the current list of such data items). In addition the Energy Commission expects to conduct program evaluation studies through a separate contract. Contractors will be expected to cooperate with and facilitate those studies with their

subcontractors and program participants. Programs may propose their own processes for quality assurance and program verification purposes. Please read Section III, Verification of Energy Savings, and Program Transparency and Reporting; and Section VI, Transparency and Reporting, and Program Evaluation, Project Monitoring and Verification in each solicitation.

Q134. How will the Energy Commission define the satisfactory performance of a contract funded through SEP? For example, if a program expected to retrofit 10,000 housing units in its proposal, but ultimately only 7,000 are completed, how will that be addressed in terms of satisfactory performance? The way I read the RFPs and PON, if contractors do not meet certain milestones, the Energy Commission can discontinue the program or reallocate funding. Is this correct?

A134. The Energy Commission will evaluate program progress based on the Statement of Work at regularly scheduled Critical Program Review meetings and through status reports provided by the contractor. As a result of Critical Program Reviews, the Energy Commission may reallocate funds through termination or amendment of an agreement.

Q135. Completion of all projects is due March 2012; what if a project stretches out farther than that?

A135. The Energy Commission will not provide funding for work that is not complete by March 31, 2012. All SEP funds must be expended by this date, or they will revert back to DOE. This is the reason for the high priority on ensuring that proposed programs are able to complete all proposed work within this short timeframe.

Q136. What is the penalty if the winning bidder fails to deliver the proposed energy savings by 3/31/12?

A136. The SEP funds that have not been spent will be returned to DOE, and the success or otherwise of the program will be reported to DOE.

Prevailing wage

Q137. Can you provide more clarification regarding when Davis-Bacon and California prevailing wage laws apply?

A137. Each of the three solicitations provides information in Section VI, ARRA Important Information, related to Davis-Bacon. In addition, there are two attachments to each of the solicitations that provide questions and answers related to: 1) Davis-Bacon Act requirements by ARRA and 2) California prevailing wage requirements. It is the responsibility of the Bidder to obtain additional information and/or determinations from the U.S. Department of Labor (DOL) and the California Department of Industrial Relations (DIR).

Q138. If leveraged monies include their own specific prevailing wage requirements, do these requirements prevail over the Davis-Bacon requirements connected to ARRA money?

A138. Bidders with questions on prevailing wage requirements should refer to the prevailing wage information in the solicitation (listed above), and contact DOL and DIR if necessary.

Q139. To which personnel do Davis-Bacon wage requirements apply?

A139. Bidders with questions on prevailing wage requirements should refer to the prevailing wage information in the solicitation (listed above), and contact DOL and DIR if necessary.

Q140. Page 38 of RFP 400-09-403 requests that "Davis Bacon Act Prevailing Wage Q & A" be submitted as Attachment 13. There is no form attached or a place for signature.

A140. This has been corrected, please see Addendum #2.

Q141. Page 38 of RFP requests that "California Law Prevailing Wage Requirements" be submitted as Attachment 14. There is no form attached or a place for signature.

A141. This has been corrected, please see Addendum #2.

Q142. If leveraged money has different prevailing wage requirements (federal vs. state) which requirements apply?

A142. Refer to the Davis-Bacon Act Question and Answer - "Does the Davis-Bacon Act preempt state and local prevailing wage requirements?" Also refer to the California Prevailing Wage Questions and Answer – "Are Activities funded under the American Recovery and Reinvestment Act of 2009 (ARRA) subject to prevailing wage requirements under California law?"

DVBE, Small Bus.

Q143. Do all bidders, including large companies, need to meet the DVBE requirements?

A143. All non-public entities, regardless of size, are required to meet the DVBE requirements.

Q144. Do the DVBE requirements apply to the use of ARRA SEP funds only, leverage funds only, or total program funds?

A144. The DVBE requirements apply to the ARRA funds and not leveraged funds.

Q145. Municipalities are exempt from the DVBE requirements, but private companies are not. Can you please explain to what portion of a bidder's proposal funds the 3% DVBE participation requirement applies? For example, on a $10,000,000 program proposal, if 75% of the funding ($7,500,000) were going to be provided to municipalities, does the 3% DVBE participation apply to just the remaining 25% of the budget; making the participation goal $75,000? Or does it apply to 100% of the budget; making the DVBE participation goal $300,000?

A145. The 3% DVBE participation requirement is calculated on the basis of the entire proposal or bid amount, not just the labor amount.

Q146. Could you describe or clarify micro business or small business?

A146. The DGS website identifies what a small business and or micro business is. A small business has average annual gross receipts of $12 million or less over the three previous tax years, and a micro business is $2,750,000 or less of annual gross receipts over the previous three years, or is a small business manufacturer with 25 or fewer employees. See the DGS Procurement website at Small Business Certification Benefits and Eligibility Requirements http://www.pd.dgs.ca.gov/smbus/sbcert.htm for further information.

Q147. Are bidders for the Municipal Financing Program required to comply with DVBE?

A147. No. The Municipal Financing Program applies only to public agencies, and public agencies are exempt from DVBE requirements.

Q148. Does the 3% DVBE participation requirement apply to all aspects of the budget (labor + materials/ expenses) or only labor?

A148. The 3% DVBE participation requirement is calculated on the basis of the entire proposal or bid amount, not just the labor amount.

Q149. Does the 3% DVBE participation requirement apply to the budget for the private/non-public contractors and subcontractors only, or the entire budget?

A149. The 3% DVBE participation requirement is calculated on the basis of the entire proposal or bid amount, not just the portion of services or goods that will be provided by a private contractor or subcontractor(s).

If the bidder is a private entity, who happens to have governmental entities as subcontractors, the DVBE participation is still calculated based on the entire proposal or bid amount, not just the portion of the bid anticipated to be performed by private entities.

Q150. Is there a difference in DVBE requirements if the bidder is a private entity or a governmental entity? Is there a difference in DVBE requirements if the bidder or lead proposer is a private entity or a municipal agency?

A150. If the bidder or lead proposer seeking to be the prime contractor is a government entity, then the DVBE requirements do not apply. If the municipal agency is considered to be a "governmental entity", the DVBE requirements would not apply to the municipal agency seeking to be the prime contractor.

Q151. Do the vendors or subcontractors used to do the work need to be DVBE compliant or do they fall under public entity since a county would be the prime and all public entities are exempt?

A151. The party proposing to be the prime contractor must comply with the DVBE not proposed subcontractors. See also answer to question #147. Since a county is a governmental entity, the DVBE requirements would not apply.

Q152. Can a governmental entity include DVBE subcontractors in its proposal, and qualify for the DVBE incentive points?

A152. Yes.

Q153. Can SMUD receive a preference by subcontracting with Women-Owned, Minority-Owned or Disadvantaged businesses? If so, what would that preference be, how many points? Can SMUD obtain partial preference points for subcontracting with a small business for less than 25% of the total SEP grant? For example, if only 10% of work is subcontracted to Small Businesses?

A153. SMUD nor any other prime contractor cannot receive preference points for Women-Owned, Minority-Owned, or Disadvantaged businesses, as this is a federal preference and not a State of California preference. A five percent (5%) bid preference is available to a non-small business claiming twenty-five percent (25%) California certified small business subcontractor participation. There is no partial preference option for offering less than what is required

Q154. Page 47 of RFP 400-09-403 states that proposals will be rejected if "DVBE advertising is less than 14 days prior to the bid due date." The RFP does not provide any additional information about the advertising process. Where can we find more information about the advertising process?

A154. This is in error as advertising only applied to the "Good Faith Efforts" which no longer apply to the DVBE participation goals. The advertising deadline has been deleted, please refer to the addendum and new schedule.

Q155. Please confirm that the bidder should only include Small Business Preference Certifications from subcontractors and that no form is needed to be filled out that lists all Small Business subcontractors and % of work they will perform.

A155. Small Business certifications are required of all subcontractors and/or the prime bidder if the prime is a small business. A certification form is only required if thed small business has not received a certification from the Office of Small Business.

Q156. Since a public agency is not required to meet DVBE requirements and is not eligible for DVBE or Small Business preference points, will they be evaluated separately from private companies who are required to meet DVBE and can earn preference points?

*A156. No, both public agencies and private organizations are allowed to submit proposals for the RFPs, and the requirements for DVBE and the potential for preference points are applied consistent with the rules of those programs. As stated in **Section I Introduction, Eligible Bidders** in the Residential Retrofit RFP, teams should consider these differences in determining whether the team chooses to have a public or private organization serve as the prime contractor, The bidder team is solely responsible for the consequences of this choice on the competitiveness of the proposal.*

Solicitation Amendments

Q157. Is the proposed program required to collect and store utility bill data for each building retrofit? That seems to be implied by each of the solicitations and on page 24 of the Residential Retrofit Program RFP, under Verification of Savings, the last sentence in the first paragraph calls for proposals to provide details on the approach planned to collect and store utility data for at least 12 months preceding and 12 months following paid building retrofit.

A157. This is an area where we will amend the solicitations to make them more clear and consistent. We agree that it is not necessary to have utility bill data kept by the program for every building. It is perceived as best practice for building performance contractors to obtain utility bill data for the 12 months after work is completed to insure that the work had resulted in the energy savings that were expected and if not, there can be trouble shooting to determine why not and what corrective action should be taken. However, the principal reason for data collection by the program is for program evaluation and auditing purposes. The

Energy Commission intends to hire a separate contractor to help with program auditing and evaluation. This work may be done on a random sampling basis. Programs will be expected to be prepared to fully cooperate with this program evaluation and auditing and facilitate the collection of required data from buildings that are sampled. See the revised ***Section III, Program Proposal Requirements, Verification of Energy Savings*** *in each of the solicitations.*

Q158. Is there any difference between the RFPs and PON that were handed out at the pre-bid conference and those that were posted on the Energy Commission's website on October 8?

A158. No, there is no difference. Since that time, however, addenda to the three solicitations have been posted to the Energy Commission's website here: http://www.energy.ca.gov/contracts/recovery.html. Please continue to watch that site for any future updates and changes.

Miscellaneous

Q159. PON# 400-09-401 and RFP # 400-09-402 - Are these loans or grants? How does this work with leverage funds?

A159. Both PON #400-09-401 and RFP #400-09-402 are contracts. Leverage funds will be used by the contractors to augment ARRA SEP funds and achieve the greatest program benefits for the ARRA SEP money spent.

Q160. Where are the weighted evaluation criteria listed for the three SEP programs?

A160. The last page of Section VII of each solicitation has a table with the evaluation criteria for that program, including the weight factors.

Q161. In your award letter from the DOE there are certain terms and conditions the state must meet. Are those terms and conditions also in the solicitations?

A161. The DOE terms and conditions will be passed down for the prime and subcontractors. The terms and conditions have been added as Addendum 1 to all three solicitations.

Q162. Will proposals from successful bidders be made public?

A162. The technical proposals will be available publicly after the Notice of Proposed Award (NOPA) has been posted.

Q163. Will the Energy Commission release a future round of SEP funding with similar program designs for those unable to meet the deadline for this round of funding?

A163. The Commission does not expect to release additional solicitations for these program areas.

Q164. Is a Program Advisory Committee (PAC) necessary? Will the score be affected by having or not having a PAC? – most of items 26-32 don't relate to this solicitation – budget forms.

A164. PAC is not required for the SEP solicitations.

Q165. Please clearly identify what constitutes a "major subcontractor" or "key subcontractor" according to the ARRA-funded scenario.

A165. *Major or key subcontractors are not necessary for the SEP program, and all references to "major or key subcontractors" should be removed.*

Q166. Does Attachment 1 need to be filled out by subcontractors as well as the proposal lead? What about partners NOT being subgranted funds? Just the prime

A166. Attachment 1 is for the prime contractor information, whether or not the prime is a public or private entity, not subcontractors.

Q167. Are there benefits or points for a nonprofit to conduct a program for the public good by taking no profit?

A167. There are no specific evaluation criteria that capture this concept, however, the budget for the proposed program and tasks are evaluated.

Q168. Is a state or other public agency subject to the terms of the "subcontractor" budget and reporting requirements?

A168. All parties receiving ARRA funds, public or private are subject to the ARRA reporting requirements.

Q169. What constitutes revolving funds as described in the RFP?

A169. A revolving loan fund is a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones. Revolving loan funds are discussed in PON #400-09-401 Section III, Program Proposal Requirements under "Sustainability/Lasting Changes in the Market," and in RFP #400-09-402 ***Section II, Goals and Objectives, Municipal and Commercial Building Targeted Measure Retrofit Program Concept.****"*

Q170. RFP's 400-09-402 and 400-09-403 do not list Attachments 5 and 6 nor are these attachments included in the bidder documents on the Commission website.

A170. Attachment 5, "Client References" was included in each RFP, but not listed in Section IV, Proposal Format and Required Documents. Attachment 6, Sample Terms and Conditions has been added in Addendum #1. These two items have also been clarified in addendum #2. Please see the addendum.

Q171. Page 38 of RFP requests that "Auditing Considerations" be submitted as Attachment 16. There is no form attached or a place for signature.

A171. This has been corrected, please see the addendum

Q172. Regarding Attachment 19, Reporting and Tracking Spreadsheets is listed as required on page 38 of the RFP under the list Volume 1, Administrative Response. Please indicate the specific tabs and fields of this spreadsheet that are required to be completed for this RFP.

A172. This has been corrected, please see the addendum.

Q173. Regarding Attachment 19, tab "SubRecipient" is to be filled out for each SubRecipient. Please define SubRecipient. Is this the same a subcontractor? What is "PoP addresses"?

A173. These forms are provided as informational only

Q174. Page 38 of RFP requests that "National Historic Preservation Act (NHPA)" be submitted as Attachment 20. As it is hard to anticipate which residential buildings SMUD will rebate to retrofit during the project, we do not know at this time whether we need to obtain evaluation of eligibility for inclusion in the BRHP. In this case, what documentation does SMUD need to provide?

A174. Bidders are not expected to know at the time of the proposal the buildings that will receive retrofits as a result of the proposed program over the term of the ARRA funds. Bidders selected for funding must commit to comply with the NHPA after the Notice of Proposed Award is issued and prior to the Energy Commission's approval of a contract and must demonstrate compliance throughout the term of the contact. This is also true with respect to the National Environmental Policy Act (NEPA) and the California Environmental Policy Act (CEQA).