



The Cape Light Compact

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REQUEST FOR PROPOSALS FOR LEAD VENDOR FOR RESIDENTIAL CONSERVATION SERVICES FOR CAPE LIGHT COMPACT, 2011 – 2012 QUESTIONS AND ANSWERS

Set #2 posted on www.capelightcompact.org on 1/13/2011

Questions that have been received are listed and numbered here in bold with italics.
Answers are listed and numbered below each question in blue.

Question 2.1: In the period between when an LV is selected in mid-February and program kickoff, will the CLC commit to collaborate with aspiring home performance contractors (HPCs) and independent installation contractors (IICs), as well as other stakeholders, to ensure that the issues raised in these questions are effectively addressed in advance of program kickoff?

Answer 2.1: The Cape Light Compact, in coordination with the statewide collaborative working groups, will be communicating consistent policies to potential subcontractors for this program as soon as the LV is chosen.

Question 2.2: What are the energy-saving targets for the Compact in its 3-year efficiency plan and under the 2-year LV contract? Of the 3900 assessments projected for 2011, how many are expected to be completed under the existing LV contract during the first few months of the year? Will audits scheduled but not completed in advance of April 1 be conducted by the incumbent vendor or new one?

Answer 2.2: The Cape Light Compact Program Goals for 2010-2012 have been filed and approved by the MA DPU¹ in its Three-Year Plan on page 2 of the section entitled Residential and Low-Income Descriptions. Goals are provided for the three-year period, and the Compact along with the other Program Administrators (PAs) through the Green Communities Act of 2009 must have a cost-effective program that is within 20% of both budget and savings for this three-year period.

The Compact estimates the number of assessments completed within the first few months of the year could be 600 – 720.

¹ Please see MA DPU Approval of Electric Energy Efficiency Three Year Plans (1/29/2010) and the Cape Light Compact Energy Efficiency Plan and Massachusetts Joint Statewide 2010-2012 Plan (10/20/2009) available at <http://www.capelightcompact.org/report/energy-efficiency-plan/>

For those scheduled audits at the time of the new program launch, this will follow a consistent approach adopted statewide. It is expected that the program will launch by April 1, 2011, but this will depend upon successful selection of LV and timely decision at the statewide collaboration.

Question 2.3: To what extent, if any, will the Compact's choice of an LV reflect where the firm is headquartered and where jobs will be created? Will the Compact require its LV to have a full-time, physical presence on the Cape and on the Vineyard?

Answer 2.3: The issue of location has been discussed extensively at the statewide Residential Steering Committee (RSC) – which includes representatives from stakeholders such as the Attorney General's Office, Green Justice Coalition, independent weatherization contractors, the Department of Energy Resources (DOER), the Program Administrators, and many others. It was determined by that group after careful consideration that location would not be a criteria for the LV selection. The Compact and all other PA's will adhere to the decision made by the RSC.

Question 2.4: How many audits were performed in 2009 and 2010? How many were "screening audits"? How many involved combustion safety testing? How many involved comprehensive building diagnostics? What is the current reimbursement from CLC to the current LV for each type of audit and test procedure?

Answer 2.4: There were 2,229 comprehensive audits and 8 Special Home Visits performed in 2009, and 2,223 comprehensive audits and 14 Special Home Visits have been billed thus far for 2010 and does not reflect the entire calendar year. The last bill with the number of assessments for 2010 is currently being processed.

There were no screening audits performed in 2010 as the Compact chose to offer comprehensive visits to those customers looking for services.

The following are items that were performed at the time of the assessment. Additional services may have been offered as part of the installation and verification of work.

Combustion safety tests performed in 2009: 14
Combustion safety tests performed in 2010: 139

Complete IR Scans performed in 2009: 23
Complete IR Scans performed in 2010: 23

Blower Door Tests performed in 2009: 20
Blower Door Tests performed in 2010: 835

Health and Safety Visits in 2010: 550

The current contract scope of services and pricing may be viewed for inspection on request.

Question 2.5: For 2009 and 2010, how many “significant” air sealing and insulation jobs were performed, i.e., total value exceeding \$500? \$1000? \$2000? \$3000 and up? What was the consumer uptake rate, relative to total number of audits, in each of these areas?

Answer 2.5: Below are the units and the incentives provided in the program. The 2010, data is for items that have been billed to date and does not reflect the entire calendar year.

2009

5,538 hrs of air sealing	\$267,527 incentive
418,996 sf attic insul	\$403,218 incentive
37,978 sf bsmt insul	\$ 34,603 incentive
22,691 sf crawl space	\$ 33,907 incentive
61,861 sf wall insul	\$ 67,976 incentive

2010

7,841 hrs of air sealing	\$518,432 incentive
587,702 sf attic insul	\$613,391 incentive
67,610 sf bsmt insul	\$ 69,494 incentive
17,450 sf crawl space	\$ 29,543 incentive
42,990 sf wall insul	\$ 45,399 incentive

Question 2.6: The seasonal nature of energy efficiency work complicates planning and staffing. In the past, wait times of more than 2 months have occurred for audits. What is the current wait time for residents requesting an audit? What is the current wait time for consumers seeking weatherization through the incumbent LV? Are historical and current wait times acceptable practice going forward?

Answer 2.6: The current backlog for the program is 8-10 weeks for an energy audit. The current backlog for weatherization is 8-10 weeks, but local subcontractors have been added to reduce that backlog. Customers concerned about the installation backlog are referred to the existing and growing list of independent contractors on the list posted by the Cape Light Compact² and the statewide Mass Save website.

With the new market model, the successful LV should propose a solution to reduce the backlog. Please see p. 147 of 2010 – 2012 Massachusetts Joint Statewide Three-Year Electric Energy Efficiency Plan for more details on the statewide expectations.

² Please visit <http://www.capelightcompact.org/energy-efficiency-programs/independent-weatherization-contractors/> for the Cape Light Compact list or visit <http://www.masssave.com/residential/heating-and-cooling/get-the-facts/participating%20weatherization%20contractors/> for the list of participating independent Mass Save insulation contractors.

Question 2.7: Concerns about the existing CLC-LV arrangement arise because independent contractors feel they are an uneven playing field with the incumbent LV, which represents a competitor for home energy analysis and weatherization projects and is perceived to have a leg up due to the changes in program structure and budgets that have occurred since the LV contract was awarded. These concerns are likely to continue. Rather than procure an LV, why doesn't the Compact avoid competitive concerns and profit motives and ensure that all jobs and benefits stay local by taking on the LV role and staffing up to handle audit, processing, call center, and other functions?

Answer 2.7: Since the passage of the Green Communities Act, and the creation of the Energy Efficiency Advisory Council (EEAC), Massachusetts has moved towards state-wide consistency in the design and delivery of energy efficiency programs. The model you describe is contrary to the directive the Cape Light Compact, and all other Massachusetts PA's, has been given by the EEAC and the Massachusetts Department of Public Utilities, and is not an option the Cape Light Compact can implement given the parameters of its regulatory approval.

As described in the RFP, the customer intake is done by Cape Light Compact staff who operate the call center that is resident in the Compact's offices. This call center serves as the intake and customer hot-line for all of the Compact's programs.

Question 2.8: The LV can do instant savings measures. Is it anticipated that the LV will do all light bulb replacements during the course of audits? What is the current reimbursement from CLC to the current LV for light bulb installs – either during the course of an audit or in a separate visit?

Answer 2.8: The LV will install all instant savings measures including CFL replacement installations during the audit. The current reimbursement from the Compact for lighting is determined by the type of bulb that is on the approved Direct Installation list.

Question 2.9: The LV is allowed to do weatherstripping and air sealing during the course of audit, even though separating air sealing and insulation tasks is generally not advised and may result in duplication of labor, especially in diagnostics or if sealing is performed without regard to insulation work that might be done by others. In 2010, how many audits out of the total involved instant savings via air sealing? Duct sealing? When such work is done, is it always in the course of a comprehensive audit? What is the current reimbursement schedule for this type of work? Going forward, what criteria will be applied to determine whether or not an LV should proceed with air sealing? How will QA/QC work be done on air sealing by the LV, or will the IIC be held responsible for the quality of this work?

Answer 2.9: The audit may include the tiered structure, however, the Compact has been providing and plans to continue to offer and provide comprehensive visits. In 2010, there were no audits that included air sealing or duct sealing as it has always been a part of the comprehensive installation process.

For the current reimbursement schedule, the Compact is unclear as to the question.

The ability of the LV to perform air sealing will be determined at the statewide collaborative working group. If this is allowable, any QA/QC will be done by an independent third party as detailed on page 7 of the RFP.

Question 2.10: How many heating plant replacements and fuel switches with a new heating plant occurred through the CLC program in 2009 and 2010? Will the LV be allowed to up-sell and implement heating system work as this might be considered outside the conventional IIC/HPC “box”? Will the LV (or sister companies) be allowed to do any additional work at a house where it has conducted an audit?

Answer 2.10: The Compact is unclear about the reference to heating plant replacements and fuel switches. If the reference is to qualified measures listed on page 18 of RFP, then these are stand-alone rebates that are fulfilled through the LV.

The Compact’s existing contractor, performed no heating plant replacements and/or fuel switches as a vendor as they do not currently offer heating system work. Any proposed vendor would need to alert the Compact of its intention to provide additional services beyond the scope of services of this RFP and receive Compact approval to provide services outside of its core function as a part of this program. This would apply to subcontractors in the program as well, including HPCs and IICs.

If the reference is to stand-alone heating system rebates fulfilled in 2009 and 2010, then there were 301 rebates paid to eligible customers in 2009 and 253 billed thus far in 2010 and does not reflect the entire calendar year 2010.

Question 2.11: The RFP indicates that HPCs and IICs will work as subcontractors to the LV, and it asks the LV to suggest how to structure the relationship. Who will make the decisions on how the relationship is structured? Why won’t HPCs and IICs have a chance to weigh in? Will subcontractors have to pay the LV any fee to run incentive-eligible work through them?

Answer 2.11: The structure of the relationship will be coordinated at the statewide level.

Question 2.12: How will you address the inherent conflict of interest for LVs if they face a fixed fee for audits but need to perform audits on a volume basis to meet CLC

targets? Quicker is better in one respect but worse for the customer. Will LV audits be audited ... by HPCs?

Answer 2.12: All contingencies for the program must be assumed and included in the proposal.

All QA/QC for the LV will be done by the third-party QA/QC as referenced above.

Question 2.13: Will prices for HPC and IIC work be fixed on both per-task and hourly bases? Given that auditing and performance analysis tasks may take an inherently longer time for some older/larger houses, can program design accommodate room for flexibility for LVs and HPCs if there are per-task fees?

Answer 2.13: The consistent statewide pricing request can be viewed in Section 11.5 of the RFP. The current model is a fixed assessment cost.

Question 2.14: In a number of cases, local contractors have identified critical remedial measures not specified by the incumbent LV in the action plan or had to deal with substandard air sealing work done as an instant measure. If IICs encounter problems like these, how can they be documented and best addressed to protect consumer interests going forward? Can LVs be required to respond to IIC concerns on the same day or within 24 hours to minimize work interruptions?

Answer 2.14: This process will be determined by the Compact in coordination with selected LV and in coordination with the statewide collaborative. Information on the process for HPCs and IICs will be provided to potential subcontractors in time for the new program launch.

Question 2.15: RFP indicates that all HPCs and IIC must work as subcontractors to the LV in order to access rebate funds. However, the RFP appears to indicate that HPCs do not get work designated to them under a merit-based or other work allocation system. This shuts them out of getting any benefit under the large MassSave advertising program and under promotional activities by the Compact and LV. This structure is anticompetitive for existing HPCs and discourages individuals from becoming HPCs, which harms the efficiency services market. Please comment on the extent to which you will address this issue in program design with your chosen LV.

Answer 2.15: As addressed above in our response to previous questions, the development of this program model was done with numerous focus groups across the state, including one held on Cape Cod on August 31, 2010 and reported to the EEAC³. The model was specifically created to provide an avenue for those HPCs that wish to

³ Please see September 14, 2010 Residential Steering Committee Update to the EEAC at <http://www.ma-eeac.org/docs/9.14.10/3%20Mass%20Save%20Home%20Energy%209-14-10%20final.pdf>

procure and serve their own customers through both the assessment and the installation measures. This was a widely supported model in the focus groups. State-wide every eligible contractor is given a choice to choose either the HPC or the IIC path.

Question 2.16: The figure shown in the solicitation shows a clear division of labor among various types of entities, developed through a state process designed to address the unbalanced playing field enjoyed by incumbent LVs. Can different divisions/affiliates of the same corporation be both an LV and an IIC or HPC? Can the LV under the CLC be an IIC or HPC under a program managed by National Grid? Similarly, can the LV under National Grid be an IIC or HPC under CLC? Can a contractor be an HPC and an IIC? What is the rationale for these decisions?

Answer 2.16: Different affiliates of an organization cannot be both an LV and an IIC or HPC for the same Program Administrator. A LV for another Massachusetts Program Administrator may choose to offer services acting as an IIC or HPC for the Cape Light Compact if it chooses.

As stated earlier and described on page 7 of the RFP, an eligible contractor must choose to be either an HPC or an IIC for a given PA territory.

Again, these decisions were made through the state-wide process guided by the EEAC and has fully involved a diverse group of stakeholders. It was agreed upon by this group over multiple public meetings that the LV's assessment services were to be decoupled from the installation of eligible program measures.

Question 2.17: If an HPC brings someone into the program, he can do an audit and begin implementation immediately. In the event an IIC brings someone into the program, the contractor must wait for the LV to perform an audit before the work can be performed. This structure is anticompetitive for IICs. When an IIC is in this circumstance, it should be given preferential treatment under the merit-based allocation scheme, or the LV should be required to accelerate audit delivery for consumers brought into the program by IICs. Please comment.

Answer 2.17: The Compact strives for an equitable treatment of the eligible ratepayer. All assessments will be scheduled in a manner that will serve the ratepayer. This ensures that there is no unfair treatment to the ratepayer.

Question 2.18: The Compact funds technology demonstrations and receives grant funds for residential efficiency initiatives, activities that attract additional ratepayer and taxpayer funding that could be applied to reduce energy use while creating jobs in the region. However, the Home Energy Scorecard project gives all work to the incumbent LV rather than allocate any to local businesses, including some that helped formulate the project on a federal level. Will this practice continue, or will HPCs and

IICs also be allowed to participate in this project and similar efforts occurring outside of LV procurement?

Answer 2.18: The DOE Home Energy Score pilot does not provide the Compact with funding and is an enhancement of the home energy assessments as part of the existing Mass Save program on Cape Cod and Martha's Vineyard. The Compact is pleased to have been asked by the U.S. Department of Energy to be one of 10 organizations across the nation to test the home energy score with approximately 200 homes on Cape Cod and Martha's Vineyard in the first few months of 2011 for the purpose of learning how this might be implemented on a nationwide basis in the future, to bring more customers into the programs and to introduce more qualified professionals to serve homeowners. The Compact will share all findings of the evaluation of this effort with U.S. DOE, other Massachusetts PAs and other interested parties as soon as results are available.

Question 2.19: Students from tech schools and Cape Cod Community College and existing workers in the building trades are eager to enter the efficiency services industry, and the larger the local workforce, the more likely the Compact will be to achieve its energy-saving objectives. Can the program design be structured and/or can the LV be required/incentivized to offer internships and apprentices to individuals meeting certain education, training, and work experience qualifications?

Answer 2.19: The Compact encourages qualified entrants into the market. The current process through Cape Cod Community College to offer internships and education has resulted in numerous positions with the current LV and the Compact itself. The Compact will continue to encourage partnerships that will help the program as well as its ratepayers.

Local contractors have also been providing apprenticeships and internships that may also be an avenue for interested parties.

Question 2.20: The RFP asks respondents to propose a system for “merit-based allocation of weatherization work orders” but indicates that the winning bidder’s proposed system might not be implemented and that state-wide consistency for merit-based allocation is the goal. The design and implementation of this allocation system are critical in creating a level playing field for IICs, optimizing service to customers, and promoting job growth and entrepreneurial activity. Based on CLC goals and any discussions at the state level, please characterize to what extent each of the following criteria might be considered “meritorious”:

- ***Number of jobs performed?***
- ***Average energy savings per job?***
- ***Average total of air sealing and insulation work?***
- ***Average energy savings: implementation cost ratio?***
- ***Consumer uptake rate, from in-referral to completion of efficiency upgrades?***

- *Consumer callbacks and satisfaction ratings?*
- *QA/QC performance?*
- *Business based in Barnstable or Dukes County?*
- *Fraction of workforce living in Barnstable or Dukes County*
- *Ability to handle increasing work volume?*
- *Duration of customer relationship (e.g., record of doing incentive-based work for the same consumer during more than one program year)*

Answer 2.20: The criteria for the Merit-Based Allocation of Weatherization Work Orders is currently described on page 11 of the RFP. That criteria will be used by the statewide working group to determine the allocation of work.