**REQUEST FOR QUALIFICATIONS (“RFQ”)**

**FOR**

**DEMAND SIDE MANAGEMENT CONSULTANT**

**ISSUED** **DECEMBER 10, 2020**

Pursuant to the provisions of the Motion M-20-269, dated August 20, 2020 and in accordance with Council Rule 42[[1]](#footnote-1), the Council of the City of New Orleans (“Council”) is seeking a qualified professional with substantial experience in performing demand side management (“DSM”) potential studies for consideration by the Council as part of the triennial Integrated Resource Plan (“IRP”) process.

# Background

The Council, in accordance with the New Orleans Home Rule Charter and the Louisiana Constitution, acts as retail regulator for electric and gas utility services in Orleans Parish. As part of the execution of its regulatory powers, the Council requires Entergy New Orleans, LLC (“ENO”) to engage in an IRP process every three years to ensure that the energy resources utilized are commensurate with the Council’s existing policy goals and to guide future policy decisions while taking into account financial impacts to ratepayers as well as advances in technology.

The Council’s Electric Utility Integrated Resource Plan Rules (“IRP Rules”), as embodied in Council Resolution R-17-429[[2]](#footnote-2), are intended to inform and empower effective Council and utility decision-making, while augmenting utility resource planning and enhancing public awareness of and input into the utility's energy choices. It is the Council's desire that a comprehensive IRP is conducted in accordance with its IRP Rules in order to provide a scope of all reasonably available resource options in light of current and expected market conditions and technology trends, and generate an informed understanding of the economic, reliability, and risk evaluation of utility resource planning as well as the associated social and environmental impacts. Further, the Council wishes to encourage and enforce a transparent process that allows all interested constituents and stakeholders to participate and that fosters the development of a complete administrative record upon which informed Council decision-making can occur.

As part of the IRP Rules, the Council has the option to hire an independent consultant to perform a DSM potential study (“Potential Study”). This provision in the IRP Rules does not preclude any party from entering their own DSM potential study into the docket, and as such, qualified professionals responding to this RFQ should be aware that multiple DSM potential studies may be developed and included in an IRP process.

# Purpose

The Council is seeking qualified respondents to develop a Potential Study for use and input into the Council’s IRP process. The Potential Study should be performed in compliance with the Council's IRP Rules and encompass all potential energy efficiency and demand response measures as defined in the IRP Rules. In the development of the Potential Study, the respondent selected through this RFQ (“Consultant”) will be expected to coordinate with the Council Utilities Regulatory Office (“CURO”), the Council’s Utility Advisors (“the Advisors”), ENO, and the parties in developing its estimates of technical, economic, and achievable DSM potential in New Orleans. In screening DSM measures and programs for cost-effectiveness, the selected Consultant will be expected to leverage information from the Council’s existing Energy Smart Program and the New Orleans Technical Reference Manual (“TRM”)[[3]](#footnote-3) in addition to the respondents own technical sources of information. Ultimately, the results of the Potential Study will need to be provided in the form of hourly load profiles, by program, for the complete IRP planning period which is 20 years.

# Qualifications Statement Content

1. Responses to this RFQ should include a comprehensive description of how the respondent proposes to conduct the assignment and delineate the approach proposed for the Potential Study in a manner which follows the specific structure provided herein such that the Council can effectively evaluate the respondent’s analytical framework, input assumptions, and quality of results. All responses should include:
   1. Project Approach
      1. *Overall Summary and Methodology*

Provide a discussion of the overall approach to developing the Potential Study and associated IRP inputs. This discussion should include the proposed methodology to be employed (e.g. “bottom-up”, “top-down”, etc.) and describe how that methodology conforms to industry best practices.

* + 1. *Process to Consider Stakeholder Input and Workplan*

Provide a discussion of the process proposed to receive input from stakeholders and coordinate with ENO. The methodological choices and numerous inputs to the Potential Study should be documented, including the process to consider input from all interested stakeholders and ENO that the respondent considers appropriate and consistent with best practices in their independent judgement. This will ensure independence and transparency, which are the essential qualities that will characterize the Potential Study.

* + 1. *Modeling Tools and Workpapers*

The conduct of the Potential Study will necessarily include the processing of large amounts of data and providing analytical techniques capable of performing forecasting and evaluating uncertainty related to the projected results. The RFQ response should provide a complete description of the modeling tools to be employed, including any proprietary models and any assumptions and limitations that will be inherent in applying the modeling tools. The RFQ response should also describe the complete set of workpapers that will be provided to the Council and stakeholders at the completion of the project, including the format of the worksheets, supporting data, assumptions and references, as well as a confirmation that the workpapers and results provided have cell formulas intact.

* + 1. *Review of Entergy New Orleans Energy Smart Performance and Metrics*

Since the Energy Smart Program is currently in its tenth year of implementing DSM in New Orleans,[[4]](#footnote-4),[[5]](#footnote-5) it is imperative to establish a frame of reference and continuity with the Potential Study. The RFQ response should describe what aspects of the Energy Smart performance are considered important to convey into the analysis as reference data in projecting DSM measures and potential savings.

* + 1. *Range of DSM Measures*

TheRFQ response should provide an explanation of how the respondent will include a comprehensive range of the type of energy efficiency and demand response DSM measures that will be appropriate for consideration in projecting DSM potential in New Orleans, while maintaining continuity with the TRM. The response should include: 1-) a discussion of all available energy efficiency and demand response DSM technologies; 2-) a discussion of the range of emerging DSM technologies and how they will be evaluated over the analysis period; 3-) how new energy efficiency and demand response DSM measure definitions will be considered; and 4-) the method by which ENO’s proposed full implementation of Advanced Metering Infrastructure (“AMI”) will be incorporated into the range of DSM measures[[6]](#footnote-6).

The review of naturally occurring conservation and customer-sited battery storage and distributed energy resources in the ENO load forecast will be included in the comprehensive evaluation of the IRP and ENO’s analytics therein. The baseline assumptions and projections of customer-sited battery storage and generation will be examined in the ENO demand and energy forecast pursuant to the IRP Rules.

* + 1. *Regulatory and Non-Regulatory Policy Changes*

The RFQ response should address how Council regulatory policies as well as City, state, and federal policies would be considered in the Study and how they might impact DSM potential over the analysis period.

* 1. Technical and Economic DSM Potential in New Orleans
     1. *Market Characterization*

The DSM Potential Study should not be limited to DSM measures included in the previous Integrated Resource Plans of ENO[[7]](#footnote-7),[[8]](#footnote-8) or Energy Smart Program Implementation.[[9]](#footnote-9) The RFQ response should describe the approach to characterizing the technical and economic DSM market in New Orleans, such as: energy efficiency and demand response measures to be analyzed, including measure permutations and basis for new and emerging technology measures; categorization of existing and emerging DSM technologies: (a) by sector (customer class), (b) by type, (c) by size of the market for each year of the analysis, and (d) by levels of market penetration; how to incorporate the uncertainty that affects the estimated impacts of DSM technologies on energy consumption; incorporation of a cost-efficient means to include non-energy benefits that could serve as the basis for inclusion in the non-utility costs of the IRP scorecard matrix.

* + 1. *“Business as Usual” Baselines*

The RFQ response should describe how the DSM measure baselines would be defined in applying product efficiency standards, multiple efficiency tiers, and computing incremental savings for each DSM measure above the defined baselines over the analysis period.

* + 1. *Measure Characterization*

For the proposed methodology, the RFQ response should describe the approach to characterizing the technical and economic DSM measures in New Orleans, such as: comparisons and differences with the technical and economic levels of DSM in the previous New Orleans DSM Potential Studies;[[10]](#footnote-10),[[11]](#footnote-11) use of the TRM, including any proposed modifications or additions related to measures reflecting best practices that may not be included in the TRM; assumptions in projecting enabled and non-enabled pricing and other demand response measures by sector; and demand response programs specifically designed for the Midcontinent Independent System Operator capacity market.

* 1. Achievable DSM Potential Scenarios
     1. *Market Characterization*

For the proposed methodology, the RFQ response should provide an explanation of how the following components of achievable DSM would be derived and correlated with the TRM:

* + - * 1. the important metrics of each measure, including kWh and kW projected annual savings, expected useful life, incremental cost, and 24-hour load shape;
        2. application of free riders/spillover effects and market transformation assumptions;
        3. the analytical approach that would be used to determine participant incentive costs by measure and by bundled programs;
        4. components of the utility avoided costs including line losses;
        5. forecasts of the annual values of non-utility/other benefits;
        6. specific assumptions or conditions that will need to be realized in order to achieve certain measure savings estimates, such as the timing of regulatory approval for time-differentiated DR rate structures or direct load control of specific appliances or loads;
        7. a complete description of how DSM measure benefits and costs would be projected; and
        8. supporting analytical procedures that would be employed to project the achievable DSM for each measure, such as the respondent’s analytical approach in the following areas:

how measure/program penetration rates will be modeled or estimated with different incentive levels and policies, percent of measure incremental cost, and participants’ acceptance of DSM by sector;

multiple scenario approaches that may be used to quantify the range of uncertainty in the projections of DSM measures adopted from factors such as uncertainty of customer responses to specific EE and DR measures;

estimation of projected measure saturation through the analysis period;

adoption of more aggressive building codes for new and renovating buildings;[[12]](#footnote-12) and

Net-to-Gross (“NTG”) assumptions, and on what basis reasonable NTG ratios will be selected to reflect the free ridership and spillover effects.

* + 1. *Measure Characterization and Design*

For the proposed methodology, the RFQ response should describe how the following considerations will be used to characterize the specific DSM measures that will be evaluated: 1-) approaches to bundling of DSM measures into programs; 2-) use of upstream and mid-stream product rebates; assumptions and supporting analysis for projecting behavioral response DSM measures, with respect to design, number of participants, and annual cost; 3-) treatment of low-income DSM measures, specifically in cost effectiveness screening, and how non-cost effective measures would be evaluated and may be included into the overall portfolio; 4-) budgetary and non-budgetary assumptions that may define achievable DSM during the analysis period.

* + 1. *Financial Inputs*

The RFQ response should provide references supporting the conceptual basis and method proposed to determine the values for discount rates, inflation rates, calculation of utility avoided costs, and projected ENO retail rates by customer sector.

* + 1. Net Savings/Cost Effectiveness Study

The RFQ response should describe which of the screening test methodologies[[13]](#footnote-13) by measures and bundled programs would be used to evaluate cost effectiveness including the following:

1. an illustrative calculation for all quantified benefits and costs (utility, participants, stakeholders, environmental/societal) for each cost-effectiveness screening test;
2. the algorithms and specific references to be used in quantifying each cost and benefit, including gross and net fossil fuel savings, and gross and net carbon savings;
3. a discussion of utility benefits, including avoided transmission and distribution and traditional fuel costs;
4. A description of the input assumptions that would be used in the calculations to screen for DSM cost-effectiveness.
   1. Results and Key Findings

The RFQ response should describe and provide examples of how projected incremental and cumulative kWh and kW reduction for each year of the planning period, and costs, benefits, and net benefits by DSM measure and sector, will be presented in tabular and graphic form in the results section and executive summary section of the final report. The results will include as a minimum, a reference case or business as usual scenario, as well as a maximum achievable scenario.

* 1. Benchmarking the Results

The RFQ response should discuss how the various achievable levels of DSM Potential, kWh and kW savings, would be benchmarked versus the results of DSM Potential studies reported in other regulatory jurisdictions. The RFQ response should discuss the selection process of comparable studies.

The RFQ response should discuss how the nominal and present value of the cost and benefits of the various achievable levels of DSM Potential would be benchmarked versus the levels of achievable DSM Potential reported in comparable jurisdictions.

* 1. DSM Inputs for Modeling in the IRP

Composite 24-hour DSM program load profiles for required years will be modeled with supply resources in the IRP. The RFQ response should discuss the following: how the composite DSM 24-hour load profiles would be constructed from cost-effective DSM programs resulting from the DSM Study; and how the composite load profiles would be constructed for specific years of the analysis period with corresponding costs, as DSM inputs to the modeling in the IRP process.

* 1. Required Appendices

The RFQ response must include the following Appendices at a minimum:

1. the sources for the New Orleans Stock Forecast and Demographic Forecast that will be used to support the DSM projections;
2. a description of the respondent’s expectations for the transfer from ENO to the respondent of all data deemed necessary for the successful conduct of the DSM Potential Study, including avoided costs, retail rate projections, voltage level demand and energy losses, and customer class sales projections; and
3. a list of draft and final report deliverables, including the workpapers referenced in Section I.A.3 of Qualifications Statement Content.

1. A complete “Consulting Services Questionnaire” using the format that is provided in Attachment 2. Any subcontractors proposed to be used must also submit a complete questionnaire that must be attached to the prime firm’s questionnaire.

1. Professional experience and resumes of partners, principals, and employees in the firm who will be responsible for, and actively involved in, the provision of professional services for the Council (“Key Personnel”), including the appropriate evidence of accreditation, certification, and licensing in their profession and a specific listing of each professional’s relevant professional experience conducting DSM potential studies and energy efficiency programs.

1. A brief description of three or more assignments which best illustrate the respondent’s current qualifications relevant to the areas requested in this RFQ, including samples of work product.

1. Demonstrated ability to provide coverage for City Council matters related to this assignment when the principal consultant is unavailable because of other assignments, illness, vacation, or similar conflicting demands.

1. A sworn affidavit listing all persons with an ownership interest in the respondent. An “ownership interest” shall not be deemed to include ownership of stock in a publicly traded corporation or ownership of an interest in a mutual fund or trust that hold an interest in a publicity traded corporation. The affidavit is a public record.

1. A sworn affidavit that no other person holds an ownership interest in the respondent via a counter letter.

1. A list of all persons, natural or artificial, who are retained by the respondent at the time of the application and who are expected to perform work as sub-contractors in connection with respondent’s work for the City Council. The Council may require information on employees or sub-contractors of or ownership interests in the subcontractor. This list is a public record.

1. A list of professional labor fees for all personnel included in the respondent’s response to this RFQ and any others in respondent’s firm who may be called upon to perform work related to this RFQ, and a clear and concise statement that such professional labor fees throughout the contract term will be the most cost efficient and will not exceed the lowest professional labor fee for similarly situated clients of the firm.

1. The respondent’s best realistic estimate of the range of labor and expense costs and project timeline associated with performing the DSM Potential Study as described in its response based upon the respondent’s proposed scope of work, including the attendance at three meetings in New Orleans one of which will be the public kick-off meeting.

# Potential Conflict of Interest

All respondents providing a response to the RFQ shall provide a clear and unambiguous indication of any potential or real conflicts of interest it or any of its sub-contractors may have with respect to performing the work outlined in this RFQ on behalf of the Council.:

1. Any work performed for an investor owned utility in the past five years.

1. Any work performed for any industrial, commercial or residential ratepayer (or groups and non-profit associations) in Orleans Parish or in the service area of any of Entergy’s operating subsidiaries, currently and in the past five years, on any energy efficiency matters.

1. Any work performed for any other regulator of Entergy Corporation and/or Entergy and/or any of Entergy’s operating subsidiaries.

1. Any work performed for any individuals, groups, organizations, and/or non-profit associations that are currently an official party to any of the following Council Dockets: UD-08-02, UD-17-01, and/or UD-17-03.

1. Any work performed (whether compensated or not) on behalf of any Councilmember, the City Council, or the City of New Orleans within the past five years.

1. Any work performed for any renewable energy companies, contractors, or marketers in Orleans Parish and the State of Louisiana within the past five years.

For any such work performed, the respondent shall indicate the scope of the engagement, the time frame, the amount of compensation received and why the respondent deems such work to be or not be in conflict with the execution of the proposed scope of work.

The Council shall be the sole arbiter as to any conflicts of interest and shall make the final determination as to whether any potential or real conflict of interest exists.

# Limitation on Respondents Competing for this RFQ

Any person or firm contributing to the development of this RFQ shall be prohibited from submitting a qualifications statement for selection of that procurement. Such persons or firms shall further be prohibited from participating as subcontractors to the Council’s DSM Potential Study Consultant.

# Evaluation Criteria

Upon receipt by the due date of responses to this RFQ by qualified firms, the Council’s staff Selection Review Committee (“SRC”) will evaluate all responses received based upon the criteria listed herein and in Council Rule 42. Particular emphasis will be placed on the following criteria:

1. Training and experience of the Key Personnel and other professional personnel in the provision of services required by this RFQ.

1. Quality of work samples presented.

1. Clear understanding by the respondent of work to be performed, and appropriateness of the proposed methodology, including but not limited to the capabilities to assess the costs and benefits of energy efficiency, demand response, and expertise in including DSM in IRP models.

1. Knowledge of local conditions.

1. Capability and experience in providing consistent, timely, and cost-effective services, as determined by information requested from references or the Council’s actual experiences.

1. Estimated cost, based on hourly rates of consultants at various levels of expertise and experience.

1. Whether respondent has met, or demonstrated good-faith efforts to meet, the 35-percent DBE utilization goal applicable to City Council professional service contracts, as more fully set forth in Section 70-466 of the New Orleans City Code.

1. Participation by persons living and/or working in New Orleans at a professional level.

1. Willingness to accept a “not to exceed cost” for the scope of work proposed by the respondent.

# RFQ Process

Except as provided herein below, no written, electronic, or oral communications from any actual or potential respondent to this RFQ or anyone acting as agent or representative for such person shall be made to any Councilmember, city employee, or Council staff person during this RFQ process, which is defined as the Blackout Period. The Blackout Period is a specified period of time during this competitive RFQ process in which any actual or potential respondent or their/its agent or representative is prohibited from communicating with any City Councilmember, Council staff person, or City of New Orleans employees regarding any matter related to the RFQ process. All communications to and from any actual or potential respondent and/or their/its agent or representative during the Blackout Period must be in accordance with this RFQ’s defined method of communication with the designated contact person. The Blackout Period will begin upon posting of this RFQ. The Blackout Period will end when the Council selects a consultant.

All questions regarding this RFQ shall be submitted by email to Erin Spears, Council Utilites Regulatory Office Chief of Staff and Counsel, at espears@nola.gov.

RFQ submissions, including samples of work products, must be submitted electronically to Erin Spears and in hard copy form by 5:00 PM CST on Friday, January 8, 2021 to the City Council Utilities Regulatory Office, Room 6E07 City Hall, 1300 Perdido Street, New Orleans, LA 70112.

The Inspector General shall be notified in writing prior to any meeting of a selection or negotiation committee relating to the procurement of goods or services by the city, including meetings involving third party transactions. The notice required shall be given to the Inspector General as soon as possible after a meeting has been scheduled, but in no event later than twenty-four hours prior to the scheduled meeting. The Inspector General may attend all city meetings relating to the procurement of goods or services as provided herein and may pose questions and raise concerns consistent with the functions, authority, and powers of the Inspector General. An audio recorder or court stenographer may be utilized to record all selection or negotiation committee meetings attended by the Office of the Inspector General.

# Length of Contract

The contract will extend for a twelve-month period. However, the Council may renew the contract for four additional twelve-month periods, assuming continuing need for the services and mutual satisfaction. Each respondent is to include in its submittal a clear and concise statement of those personnel and firm resources for which it is willing and can commit to make available for the Council’s regulatory activities during such period.

# Additional Information

1. The City of New Orleans is not liable for any costs incurred prior to entering into a formal written contract. Any costs incurred in the preparation of the statement interview, or other pre-contract activity are the responsibility of the person submitting the statement.

1. All submissions become the property of the City and as such are public information.

1. Section 2-1120 of the Code of the City of New Or1eans, relative to the Office of the Inspector General provides in part as follows:

"It is agreed that the contractor or applicant will abide by all provisions of City Code § 2-1120, including, but not limited to, City Code § 2-1120(12), which requires the contractor to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of the contract. In signing this contract, the contractor agrees that it is subject to the jurisdiction of the Orleans Parish Civil District Court for purposes of challenging a subpoena."

1. https://council.nola.gov/rules/#rule42 [↑](#footnote-ref-1)
2. Appendix I – Council Resolution R-17-429 “Resolution Amending the Electric Utility Integrated Resource Plan Rules”, at Attachment B, in Council Docket No. UD-17-01. [↑](#footnote-ref-2)
3. Appendix IV – New Orleans Energy Smart Technical Reference Manual. [↑](#footnote-ref-3)
4. Appendix II – Program Year 8 Energy Smart Annual Report and Annual EM&V Report, May 1, 2019. [↑](#footnote-ref-4)
5. Appendix III – Program Year 9 Energy Smart Annual Report and Annual EM&V Report, July 31, 2020. [↑](#footnote-ref-5)
6. Appendix V – UD-16-04 ENO Application to Deploy AMI, October 2016. [↑](#footnote-ref-6)
7. Appendix VI - UD-08-02 ENO 2015 Integrated Resource Plan, February 1, 2016. [↑](#footnote-ref-7)
8. Appendix VII - UD-08-02 ENO 2018 Integrated Resource Plan, July 19, 2019. [↑](#footnote-ref-8)
9. Appendix VIII - Energy Smart Program Years 10-12 Budget and Approved Savings. [↑](#footnote-ref-9)
10. Appendix IX - *2018 Integrated Resource Plan DSM Potential Study*, developed by Navigant Consulting, Inc. in support of ENO’s 2015 IRP, August 31, 2018. [↑](#footnote-ref-10)
11. Appendix X - *Study of Potential for Energy Savings in New Orleans* submitted by Optimal Energy Inc., August 31, 2018. [↑](#footnote-ref-11)
12. Boulder, CO; San Francisco and Berkeley, CA; and Burlington, VT, have adopted rental energy ordinances.

    Gichon, Y., Cuzzolino, M., Hutchings, L., and Neiger, D. (2012). *Cracking the Nut on Split-Incentives: Rental Housing Policy.* Proceedings of the 2012 ACEEE Summer Study on Energy Efficiency in Buildings, Volume 8, pp. 92-101; (2012). Lawrence Berkeley National Lab. (2012). *Boulder, Colorado’s SmartRegs: Minimum Performance Standards for Residential Rental Housing.* Clean Energy Program Policy Brief. [↑](#footnote-ref-12)
13. Screening Test methodologies are defined quantitatively in the California Standard Practices Manual, 2001, which provides the inputs for benefits and costs and cost effectiveness calculations from several perspectives: the utility, participants, all ratepayers, total resources, and societal. [↑](#footnote-ref-13)