# Attachment A

**INSTRUCTIONS TO USERS FOR STATE AGENCIES AND INSTITUTIONS OF HIGHER EDUCATION**

**Pre-Qualified List of Energy Performance Contractors**

A list of energy performance contractors has been established based on a qualification process that included their ability to be bonded, experience in providing services on similar contracts, references, judgements, claims and viability to support this program for the Commonwealth of Virginia.

1. The State Agency or Institution of Higher Education is responsible for determining if energy performance contracting versus other procurement methods is the most appropriate approach to the project. Energy projects shall not be new construction.
2. The State Agency or Institution of Higher Education shall notify Department of Mines, Minerals & Energy (DMME) of its decision to move forward with the Request for Proposal for the Back of the Envelope Proposal (RFP/BOE).
3. Upon determination by the State Agency or Institution of Higher Education that an energy performance contract is the most appropriate method of procurement, it shall proceed with the RFP/BOE.
4. The State Agency or Institution of Higher Education shall develop the Statement of Needs for the RFP/BOE using the current edition of the Request for Proposal for the Back of the Envelope.
5. The State Agency or Institution of Higher Education shall provide, at a minimum: three years of utility bills, floor plans as needed, and maintenance records as needed to support the pre- qualified vendors in their response.
6. The State Agency or Institution of Higher Education shall provide the RFP/BOE to all vendors on the pre-qualified list via email notification. A minimum of 30 days shall be provided from the date of the email notification to the receipt of the proposals. **THIS REQUEST DOES NOT REQUIRE ANY PUBLIC POSTING OR POSTING ON EVA.**
7. The State Agency or Institution of Higher Education shall conduct a site visit for the pre- qualified vendors.
8. The State Agency or Institution of Higher Education shall evaluate the proposals received in response to the RFP/BOE, using a committee, (the agency shall invite DMME to participate) based on criteria which shall be included in the RFP/BOE. The criteria shall address the following in the evaluation criteria:
   1. Team Qualifications and Staffing.
   2. References/experience of similar projects (a minimum of five).
   3. Costing/pricing which shall address costs of installation, maintenance, repairs, debt service, post installation project monitoring and reporting, and the cost of the Investment Grade Audit.
9. The State Agency or Institution of Higher Education shall conduct interviews and

negotiations with two or more Offerors, based on the information provided in their proposals Investment Grade Audit shall not be accepted at no cost.

1. The highest scoring Offeror shall be selected to complete the Investment Grade Audit.
2. Prior to the start of the Investment Grade Audit, the Owner shall conduct a kick off meeting that will include the Owner, DMME and the Energy Service Company (ESCO) project managers, applicable Owner facility staff, and ESCO project staff. Owner security requirements and building access shall be addressed at this meeting.
3. Upon completion of the initial Investment Grade Audit, the State Agency or Institution of Higher Education shall forward a copy of the Investment Grade Audit to DMME and the State Building Code Official, Division of Engineering & Buildings (DEB) for review.
4. DMME will notify State Building Code Official, DEB if the project is accepted.
5. State Building Code Official, DEB will notify the agency within 30 days of the DMME notification if the project meets the construction criteria requiring a building permit and if DEB review is required.

# CONDITIONS THAT APPLY

*FOR PROJECTS OVER $7,000,000 THIS STEP SHALL BE COMPLETED BEFORE MOVING FORWARD*

1. If the project cost is over $7,000,000 then the State Agency or Institution of Higher Education shall submit a decision brief to the Department of Planning and Budget for approval as a Capital Outlay Project before proceeding. Capital Outlay appropriations inclusive of Central Capital Appropriations for Maintenance Reserve shall not be used in any Energy Performance Contract.
2. If the project cost is under $7,000,000 then the State Agency or Institution of Higher Education may proceed, based upon DMME approval and review by the State Building Code Official for permitting requirements, with the development of the energy contract which is comprised of the following documents:
   1. CO-9 ESCO Contract
   2. CO-7DB Terms and Conditions of the Design Build Contract
   3. Supplemental General Conditions for ESCO Contracts
   4. Investment Grade Audit - final approval by DMME that defines the final negotiated scope of work
3. The State Agency or Institution of Higher Education shall compile the items in item 15 and complete the Treasury application process for financing. The State Agency or Institution of Higher Education shall submit the required documentation to Treasury for review and approval.
4. After approval of financing by Treasury, the State Agency or Institution of Higher Education may proceed with the submittal process as required for the building permit.
5. The State Agency or Institution of Higher Education shall provide design documents as

required for the designated Energy Conservation Measures (ECMs) to DEB that comply with the Virginia Uniform State Building Code (VUSBC) and the Construction and Professional Services Manual (CPSM). Work requiring a building permit shall not commence until the building permit is issued. The design documents shall be developed by the ESCO and shall follow all criteria defined in the VUSBC and CPSM.

1. The State Agency or Institution of Higher Education shall pay DEB for these review services and shall include the costs for these reviews in their final cost proposal. It is important to note that incomplete documents cause additional reviews and their associated costs, therefore the ESCO shall be responsible for all costs above two reviews and shall reimburse the agency for any costs above two reviews. These costs shall not come from the project.
2. All Energy Performance Contracts require energy bonds as defined in the Code of Virginia section 11-34.3.F.2.
3. **All Energy Performance Contracts require an annual reconciliation as defined in the Code of Virginia section 11-34.3.F.3**. Owners shall involve DMME in the annual reconciliation. Owners may use a 3rd party energy consultant to review the annual audit for Measurement and Verification (M&V) and compliance with the payback model.

Owners shall use Federal Energy Management Program (FEMP) Measures guidelines related to M&V options for ESCO projects. Owners shall send a copy of the annual M&V to DMME.

Owners shall require the ESCO to enter all project data into DOE’s eProject Builder M&V module for M&V and update as needed. The Owner shall not do this task. To access the project data template, go to [https://eprojectbuilder.lbl.gov](https://eprojectbuilder.lbl.gov/) and select the “Help/Documentation” tab. Click the “New Project Override Template”.

1. § 11-34.3.A. excludes roof replacements for energy conservation or operational efficiency measures. However, repairs and alterations are allowed if an integral part of an ECM, such as area under a motor, cooling tower, etc. These roofing repairs and alterations shall not exceed 20% of the roof area.
2. The Investment Grade Audit shall consist of the following sections which shall be clearly defined:

# Summary section

* + 1. Contact information.
    2. Summary table of recommended energy and water savings measures, with an itemization of each measure for design and construction costs, annual maintenance costs, the first year cost avoidance (in dollars and energy units), simple payback, and equipment service life.
    3. Summary of annual energy use and costs of existing or base year condition.
    4. Calculation of cost savings expected if all recommended measures are implemented. Include total percentage savings.
    5. Description of the existing facility, mechanical, and electrical systems.
    6. Summary description of measures, including estimated costs and savings for each, as detailed above.
    7. Discussion of measures considered but not investigated in detail.
    8. Conclusions and recommendations.

# Full description of each energy and water savings measure, including:

* + 1. **Written description:**
       1. Existing conditions.
       2. Recommendations. Include a discussion of facility operations and maintenance procedures that will be affected by installation/ implementation. Present the plan for installing or implementing the recommendations.

# Base year energy use:

* + - 1. Summary of all utility bills.
      2. Base year consumption and how established.
      3. Plan for reconciling end-of-the-year results with base year figures.
      4. End year reconciliation with base year (include discussion of any unusual findings).

# Savings calculations:

* + - 1. Base year energy use and costs.
      2. Projected post-retrofit energy use and costs.
      3. Savings estimates, including analysis methodology, supporting calculations, and assumptions used.
      4. Conclusions, observations, and caveats.
      5. Savings estimates must be limited to energy use and dollar savings allowed by the Owner, as described above.
      6. Percent cost-avoidance projected.
      7. Description and calculations for any proposed utility rate changes
      8. Explanation of how savings interactions between retrofit options is accounted for in calculations.
      9. If computer simulation is used, include a short description and state key input data. Show all input data in an Appendix. If requested by Owner, access will be provided to the program and all assumptions and inputs used, and/or printouts shall be provided of all input files and important output files and included in the Technical Energy Audit with documentation that explains how the final savings figures are derived from the simulation program output printouts.
      10. If manual calculations are employed, formulas, assumptions, and key data shall be stated.

# Cost estimates. Detailed scope of the construction work inclusive of material specifications and construction details, in a form that is suitable for cost estimating and review by DEB to determine construction needs. Include all anticipated costs associated with installation and implementation, including:

* + - 1. Engineering and design costs.
      2. Contractor/vendor estimates for labor, materials, and equipment; include special provisions, such as overtime, etc., as needed to accomplish the work with minimum disruption to the operations of the facilities.
      3. Permit costs.
      4. Construction management fees.
      5. Commissioning costs.
      6. Other costs/fees.
      7. Company overhead/profit.
      8. Environmental costs of disposal, handling of hazardous materials, etc.
      9. Note that all markups and fees stated in the Technical Energy and Water Savings Audit, Memorandum of Understanding shall be used in the cost estimates, unless otherwise documented and justified (due to changes in scope or size of project or other unforeseen circumstances).
      10. Conclusions, observations, and caveats.

# Other:

* + - 1. Estimate of average useful service life of equipment.
      2. Preliminary commissioning plan.
      3. Preliminary measurement and verification plan, explaining how savings from each measure is to be measured and verified (stipulated by agreement, utility bill analysis, end-use measurement and verification calculations, etc.). THESE COSTS SHALL BE OUTSIDE OF THE COST MODELS.
      4. Discussion of impacts that facility would incur after contract ends. Consider operations and maintenance impacts, staffing impacts, budget impact, etc.
      5. Develop an operations and maintenance plan. THESE COSTS SHALL BE OUTSIDE THE COST MODELS.
      6. Develop a training plan for building operators.
      7. Develop a training plan for building occupants.