University of Illinois
ENERGY PERFORMANCE CONTRACTING SERVICES SELECTION POLICY

January 2023

The Energy Performance Contracting (EPC) Services selection process is governed by the State of Illinois Public University Energy Conservation Act, 110 ILCS 62. This Act requires state agencies to publicly announce all requirements for innovative solutions and proposals for energy conservation measures, to procure these services from an Energy Service Company (ESCO) on the basis of a competitive selection achieved by negotiated procurement. To view this act or any of the forms and documents referenced in this policy, please go to the University Office of Capital Programs & Real Estate Services (UOCP&RES) website page:
https://www.uocpres.uillinois.edu/policies/for_design_professionals

Policy Statement: *The procedures found in this document are unique for selection of Energy Performance Contracting Services and only apply to energy performance contracts in which a guarantee of energy and operational cost savings will meet or exceed the costs of the energy conservation measures within 20 years.*

Modification: *Neither this policy nor its process may be modified without the prior approval of the University Office of Capital Programs and Real Estate Services (UOCP&RES).*

Request for Proposal for ESCO Prequalification

a) IDENTIFICATION OF NEED
The University of Illinois Board Of Trustees (BOT) identified the need for energy performance services projects and directed UOCP&RES to coordinate EPC project efforts. UOCP&RES shall review potential project(s) and then prepare & publish a Request for Proposals (RFP) to Prequalify ESCOs. The RFP shall be administered through the Illinois Public Higher Education Procurement Bulletin and through at least one public notice at least 14 days before the request date.

b) PREQUALIFICATION SELECTION COMMITTEE
The EPC services selection committee shall be comprised of three to seven individuals and will include, as a minimum, a representative of the University Office of Capital Programs & Real Estate Services (UOCP&RES), representatives of the campus construction unit (CCU), and a representative of University Treasury Operations-Capital Financing. The prequalification selection committee shall be chaired by a representative of UOCP&RES. At least one committee member is required to be a licensed architect or registered professional engineer per the Act. Depending on the nature of the project, other campus representatives may also be included on the committee. Each committee member shall receive one vote. The UOCP&RES representative shall be the committee chair.

c) PREQUALIFICATION SELECTION COMMITTEE CHARGE
The selection committee shall perform the tasks as described in the policy to prequalify the

ESCOs considered as best meeting the evaluation criteria for energy performance contracting and forward their prequalification recommendations to the Assistant Vice President – Capital Programs and Utility Services (AVP) for final review and prequalification approval.

d) PREQUALIFICATION EVALUATION CRITERIA
Criteria for prequalification listed below may be used in the evaluation of the ESCO RFP submissions as well as for any interviews with previous ESCO clients, and oral interviews with ESCO respondents if desired by the University. The listed criteria may not be inclusive.

- Responsiveness of strategies
- Integration of new equipment with existing equipment
- Experience of key personnel
- Project management interface
- Construction management
- Assignment of responsibility
- Quality of sample technical audit
- Financing capability
- Cost of Investment Grade Audit
- Past project performance
- Reference checks
- Inclusion of deferred maintenance corrections
- Design experience
- Cost of savings calculations and methodology
- Performance period partnership
- Measurement and verification
- Energy to dollar conversion
- Comprehensiveness of services
- Financial soundness and stability
- Training provisions
- Approach to maintenance contracts
- Baseline calculation methodologies
- Performance guarantee
- Proposed financing arrangement
- Construction and installation project costing

e) NOTIFY ESCOs OF PREQUALIFICATION INTERVIEW
The evaluation committee may elect, but is not required, to interview ESCO firms as part of the prequalification assessment. The evaluation criteria developed by the selection committee and identified in RFP for ESCO Prequalification shall be included in this notification along with the interview time, place, agenda, and any other information that the committee deems important.

f) INTERVIEW SELECTED ESCOs FOR PREQUALIFICATION
The evaluation committee may interview the ESCOs, if determined necessary. The interview agenda and interview process shall be uniform in an effort to conduct fair and equal evaluations.

g) REFERENCE CHECKS
The committee shall make reference calls on all initially selected firms. The results of the reference calls shall be recorded by the committee chair and made available to all members of the committee for their use during deliberations. If a reference call results in information that may influence the committee's decision to short list the team, the committee chair shall call another meeting to discuss.

h) RECOMMEND ESCOs FOR PREQUALIFICATION
After the interview process, if performed, otherwise after review of RFP submission, each

evaluation committee member (or one evaluation per entity if more than one representative for an entity attends the interviews) shall individually score the performance of the firms relative to the pre-defined criteria on the RFP for ESCO Prequalification. The evaluation committee shall conclude with ranking of the ESCOs in priority order. All evaluation committees shall strive for a consensus recommendation. In the absence of consensus, the committee shall conduct a vote in accordance with its own procedure, and determine a ranking by majority vote. The committee chair shall preside over all deliberations, and shall have an equal voice and vote.

Policy Statement: *The committee chair shall prepare a summary listing all selection committee members, reference call results, and the results of the committee. (Selection files shall include the individual, signed ranking sheets from each committee member but shall not be distributed.)*

i) NOTIFY FIRMS
The committee chair shall forward the summary of the evaluation committee's rankings for review and comment by the Vice Chancellor for Administration at UIC, the Executive Director of Facilities and Services at Urbana, or the Associate Chancellor of Administrative Affairs at UIS. Once the Campus has approved, the summary shall be sent for approved by the AVP for ESCO prequalification. After acceptance, each of the ESCOs responding to the RFP for ESCO Prequalification shall be notified by the committee chair. If an ESCO was not selected for prequalification they shall be notified by the committee chair. If an ESCO requests comments on its prequalification interview, they shall be given by the committee chair.

j) PREQUALIFIED ESCOs
An ESCO that has been successfully prequalified may remain prequalified for a period not to exceed ten (10) years. Upon University request, prequalified ESCOs may respond to any RFP for Energy Performance Contracting Project Preliminary Technical Audits identified within the prequalification period.

Request for Proposal for Energy Performance Contracting Project Preliminary Technical Audit (PTA)

a) IDENTIFICATION OF NEED
The CCU identifies need for energy performance services project to UOCP&RES within FCPWeb application project approval and provides supporting documentation. Supporting documentation should include, at a minimum, the following if available, and be stored electronically at a common location, currently U of I BOX:

General Information

- Campus contacts
- Campus facilities standards
- Campus master plan
- Campus map
- Operating hours
- CAD Standards
- Climate Action Plan
- General Conditions

Building Information

- Building description
- Current floor plan
- Space data
- Projects
- Asbestos
- Equipment data
- Site plan
- Deferred maintenance priority list
- Master equipment list
- Drawings
- Operating Hours

Energy Consumption Data

- Monthly metered energy usage for 3 year history
- Other collected data

b) ESCO SELECTION COMMITTEE

The ESCO selection committee shall be comprised of three to seven individuals and will include, as a minimum, representatives or delegates from the UOCP&RES, the CCU, a building representative and, if external funding is necessary, University Treasury Operations-Capital Financing. The selection committee shall be chaired by a UOCP&RES representative. Depending on the nature of the project, other campus representatives may also be included on the committee. Each committee member shall receive one vote.

c) PREPARATION and RELEASE OF RFP

UOCP&RES shall review potential project(s) and, in conjunction with the CCU, prepare and send a RFP for the Energy Performance Contracting Project PTA. Consideration may be taken to provide an opportunity for distribution of work among the prequalified firms, although no requirement for distributing work is mandated by law or this policy.

- Small Projects will be defined as having an expected construction contract under the current BOT limit for approvals of $2,500,000. For Small Projects, the RFP will invite all prequalified ESCOs to respond with a proposal.

- Large Projects will be defined as having an expected construction contract equal to or above the current BOT limit for approvals of $2,500,000. For Large Projects, an RFP may be sent to a more than one of the prequalified ESCOs based on experience and availability.

Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Women/Minority Business Enterprise (WMBE), Business Owned By A Person With A Disability (PBE) Business Enterprise Program (BEP) certified vendor participation goals and Veteran Business Program (VBP) certified vendor participation goals shall be established for each potential project by the UOCP&RES and Office of Procurement Diversity (OPD) with input from the university representative that the work will be completed. The BEP/VBE participation goals shall be defined within the RFP.

d) ESCO SELECTION COMMITTEE CHARGE

Prior to reviewing submittals, each selection committee member shall complete the Procurement Participation Form located in the PSC Selection Process (PSP). If any member is unwilling or unable to complete this Agreement, that committee member shall be removed from the selection committee by the committee chair in PSP and PRZM. After completion of the Procurement Participation Form, each member of the Committee acting independently shall rank the firms on the Initial Evaluation form via PSP. Composite scoring is required to be completed **prior** to the Committee discussing a recommendation. The Committee is expected to arrive at a consensus for a list of firms to invite for discussion. If consensus cannot be reached, a majority vote shall decide. The selection committee shall perform the tasks as stated in the RFP and as described in this policy to select the ESCO considered as best meeting the evaluation criteria for energy performance contracting and forward their selection recommendations to the AVP. UOCP&RES will issue an Energy Audit Agreement (EAA) to the selected ESCO.

e) RFP EVALUATION CRITERIA

Criteria for evaluation listed below may be used in the evaluation of the ESCO PTA submissions as well as for any interviews with previous ESCO clients, and oral interviews with ESCO respondents.

- Responsiveness of strategies
- Responsiveness of stated goals
- Integration of new equipment with existing equipment
- Experience of key personnel
- Project management interface
- Construction management
- Assignment of responsibility
- Quality of sample technical audit
- Financing capability
- Cost of Investment Grade Audit
- Past project performance
- Reference checks
- Inclusion of deferred maintenance corrections
- Interview presentation quality including team makeup and chemistry
- Response to interview questions
- Project cost, savings calculations and methodology
- Performance period partnership
- Measurement and verification
- Energy to dollar conversion
- Comprehensiveness of services
- Financial soundness and stability
- Training provisions
- Approach to maintenance contracts
- Baseline calculation methodologies
- Savings guarantee
- Proposed financing arrangement
- Construction and installation project costing
- Quality of design and solutions
- Project execution and methodology
- Operability and maintainability of proposed solutions
- ESCO fees

f) NOTIFY ESCOs OF INTERVIEW

The ESCO firms to be interviewed are notified by the committee chair of the interview time, place, agenda, questions to be addressed and any other information that the committee deems important.

g) INTERVIEW SELECTED ESCOs
The evaluation committee shall interview the selected ESCOs. The interview agenda and interview process shall be uniform in an effort to conduct fair and equal evaluations.

h) RECOMMEND AND RANK ESCOs
After the interview process, each evaluation committee member shall individually score the performance of the firms in PSP relative to the pre-defined criteria. The evaluation committee shall conclude with ranking of the ESCOs in priority order. All evaluation committees shall strive for a consensus recommendation. In the absence of consensus, the committee shall conduct a vote in accordance with its own procedure, and determine a ranking by majority vote. The committee chair shall preside over all deliberations, and shall have an equal voice and vote.

Policy Statement: *The committee chair shall prepare a summary listing all selection committee members, reference call results, and the results of the committee as a whole or the majority rating of the interviewed ESCOs. (Selection files shall include the individual, signed ranking sheets from each committee member but shall not be distributed).*

i) NOTIFY ESCOs
The committee chair shall forward the selection committee's rankings for review and comment by the Vice Chancellor for Administration at UIC, the Executive Director of Facilities and Services at Urbana, or the Associate Chancellor of Administrative Affairs at UIS. Once the Campus has approved, the executive summary shall be sent for approval by the AVP to proceed with an EAA. After acceptance, each of the ESCOs interviewed shall be notified by the committee. If an ESCO was not selected they shall be notified by the committee chair If an ESCO requests comments on its interview, they shall be given by the committee chair.

ENERGY AUDIT AGREEMENT (EAA) APPROVAL

a) INVESTMENT GRADE AUDIT (IGA)
Upon execution of the EAA, the selected ESCO will further develop and refine the scope of work for the project's facilities and submit an Investment-Grade Audit (IGA) to the University. The representative of the CCU and a representative of UOCP&RES shall work with the ESCO to determine energy conservation measures (ECMs) to be pursued during the IGA. These ECMs will be developed by the ESCO along with determining their associated costs and anticipated savings.

Upon completion of the IGA, the University shall determine the ECMs to be further considered, refined, and developed. If ECM implementation is not desired, the University will compensate the ESCO for completion of the IGA in accordance with the EAA. If ECM implementation is desired, the University shall proceed with completing an Energy Services Agreement (ESA). The final scope of services, a list of deliverables, and fee with the ESCO will be included in an ESA.

If the University is unable to execute an EAA with any of the ESCOs performing PTAs, the RFP process may be repeated.

b) FINANCING
If the University determines a need to utilize third party financing, University Treasury Operations-Capital Financial will develop and issue, with assistance from the selected ESCO as necessary, a RFP for project funding. Financial institutions will submit responses to be reviewed by the University and ESCO as deemed necessary by the University. The University will select the preferred financial plan to proceed with project funding. Other funding mechanisms may also be utilized including, but not limited to, direct University funding, grants, and other incentives.

ENERGY SERVICE AGREEMENT (ESA) APPROVAL

a) APPROVALS
The committee chair shall prepare and circulate for approval the ESA. Should a BOT item be required, the CCU shall prepare a Project Data Summary (PDS) and draft Board Item and forward to the UOCP&RES for review and approval.

b) FINALIZATION OF PROJECT SCOPE, FUNDING, and ESA
The committee chair shall forward associated items for review and approval by the Vice Chancellor for Administration at UIC, the Executive Director of Facilities and Services at Urbana, or the Associate Chancellor of Administrative Affairs at UIS. Upon Campus approval, these items shall be sent for approval by the AVP or recommendation for approval for projects that must be approved by the BOT.

c) DESIGN AND CONSTRUCTION
ESCO performs work under the direction of the CCU-project manager. ESCO may utilize subconsultants and subcontractors as needed to perform work and will strive to meet established BEP and VBP participation goals established by the University for the project during design and construction and identified within the EAA/ESA.

The CCU will provide periodic project status updates to UOCP&RES as to the construction progress.

d) ESCO EVALUATION
As a minimum, the ESCO shall be evaluated after construction is complete for their design and construction implementation work. Evaluations may be made throughout this EPC process as deemed prudent by the University.

e) MEASUREMENT AND VERIFICATION
Energy savings measured annually, at a minimum, by ESCO and/or the University using the agreed upon method as defined within the ESA for measurement and verification. If savings are not realized, ESCO remits any shortfalls of the guaranteed savings to the University. University will direct savings and, if applicable, shortfall amount towards project funding repayment.