



**Energy Management Services (EMS) Webinar
February 16, 2011
Questions and Answers**



Q: What terms of commissioning and related retainage are recommended or required for a municipality/ESCO contract?

A: Commissioning of installed equipment and systems is considered industry best practice. It ensures that systems are designed, installed, functionally tested in all modes of operation, and are capable of being operated and maintained in conformity with the design intent (i.e., appropriate lighting levels, cooling capacity, comfortable temperatures, etc.). However, there are no specific requirements for commissioning or retainage in the statute.

Q: Is there any security or incentive for the hiring local sub-contractors? "Local-first" hiring is key to our town's economy.

A: Hiring of subcontractors is up to the Energy Services Company. However, hiring 'local first' could be added to the RFP or RFQ.

Q: Can you conduct price discovery under Ch 11C or only 11I? Do you need to go with lowest price?

A: Yes, you may conduct price discovery under §11C. Although the response would include price, you may require further details to rate the response.

Price is only one criterion by which responses are evaluated. For more information please read the [EMS Guide](#).

Q: In your experience, is Town Meeting approval always required to move project financing forward?

A: Town meeting approval depends on many factors, including the type of financing used and local requirements. Local governmental agencies may need town meeting approval to appropriate funds or to enter into a contract beyond three years, however, there is no requirement for a two-thirds approval vote related to M.G.L. Chapter 25A §11C or §11I. Municipalities may want to educate stakeholders to set accurate expectations and gain support for EMS projects.

Q: Is there a list of contractors on your website?

A: A list of DCAM certified ESCOs may be found on the [Contractor Certification web page](#). Check back regularly as the list is updated periodically.

Q: I understand the community needs someone on staff to oversee the life of this project? What percentage of the person's time would oversee this after construction?

A: Resource needs will change over time. The municipality's project manager would dedicate a good deal of time to the project during the audit, contract negotiations, construction, commissioning, and acceptance of the work. Once the project guaranteed savings period starts, the time dedicated to the project would diminish. The person would need to understand and monitor the measurement and verification reports provided by the ESCO. They would also want to be mindful that the equipment is operating as designed, and that all operations and maintenance requirements are being met.

Q: What are the downsides or challenges?

Some of the benefits of doing a performance contract are risk reduction, guaranteed savings, and expertise; conversely, some of the challenges are energy baseline development, savings reconciliation, and quality control. To read about more benefits and challenges read DOER's [EMS Guide](#).

Q: Do we have to do measurement and tracking after implementation SEPARATE from what the ESCO does?

A. The concerned parties establish the appropriate level for any savings determination. Where the firm performing the energy savings calculations has more experience than the owner does, the owner may seek assistance in reviewing savings reports. Full review of baseline adjustments requires good understanding of the facility and its operations. In Massachusetts, ESCOs must use the most recent version of the [Federal Energy Management Measurement and Verification Guidelines](#).

DOER provides [MassEnergyInsight](#) (MEI), a web-based energy tracking tool, free to all municipalities, school departments, and regional schools – any municipality that is using MEI and engaged in an EMS project can set-up and access an ESCO report to track energy usage. But MEI ESCO reports will not give a dollar-for-dollar comparison; instead it will provide a “ballpark” comparison and show usage trends over time.

Q: Does the state have examples of RFQs and contracts that they recommend we can use?

A. DOER recommends that municipalities start with the agency's model documents and not the ESCO's. We provide procurement assistance and enforcement to support public officials in contracting under Chapter 25A, sections 11C and 11I. The [EMS web page](#) has a wealth of information including model documents. The agency is working on updates to all our model documents. For assistance, contact Eileen McHugh at 617-626-7305 or eileen.mchugh@state.ma.us.

Q: Can you word the contract to insure that the municipality reaps most of the savings and the ESCO's portion is limited?

A. Shared savings is a model not used in Massachusetts; instead the ESCO's contract guarantees a fixed amount that contributes to paying for the energy conservation measures implemented under the program. Any shortfall in savings is guaranteed by the ESCO with any excess savings retained by the awarding authority. Allowing carry-over provisions negatively impacts the awarding authority's budget and is discouraged.

Q: In the RFQ process are you locked into the ESCO markups? Are the markups negotiable?

A. Part of the RFQ response evaluation is rating the ESCO based on the criteria set out in the RFQ, one of which is markups. Once the selection process is complete, price discovery may uncover additional information to reveal that the markup should be adjusted. Awarding authorities should use due diligence during the price discovery period. All pricing must be competitive.

Q: When should the towns/schools involve DOER in the process?

A. DOER should be contacted as soon as possible for assistance. DOER recommends contacting [Eileen McHugh](#) to answer your questions.

Q: Do different ESCOs do energy efficiency vs. alternative energy?

A. Yes and no. Some ESCOs also do solar projects, others don't. DCAM certification for solar only projects may be either under Energy Services Companies or Electric.

Q: Are there examples of towns collaborating to jointly secure services on behalf of multiple towns or an agent working on behalf of multiple municipalities? What are the advantages or disadvantages?

A. Yes, there are three current projects in Massachusetts; Franklin Regional Council of Governments, Pioneer Valley Planning Commission, and Merrimac Valley Planning Commission. Several projects in the Franklin County area are in construction. The advantage of doing a regional project is that it allows a smaller town to take advantage of the process because of economies of scale.

Q: Are facilities able to reduce the size of their maintenance staff after implementation? Does the company do O&M or do they just dictate what our staff has to do?

A. Typically, no, facilities are not able to reduce the size of their staff, but rather re-align duties for other maintenance tasks that have been deferred or neglected.

Q: Might there be owner's agent grants in the future from DOER and could we apply for Green Communities grants to hire and owner's agent?

A. DOER does not anticipate any owner's agent grants in the future. Yes, you can apply for Green Communities and use the funds to hire an owner's agent.