Federal Utility Partnership Working Group Seminar

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Overcoming Real Project Challenges
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Contracting Officer Threshold

Background:

- Strong agency and utility teams, both experienced advocates of UESC projects
- Innovative and comprehensive UESC project encompassing multiple buildings
- Project evolved quickly and grew from PA (~$27 million) to IGA (~$40 million) adding sensible and cost effective ECMs
Contracting Officer Threshold

**Challenge:**

- Nearing the award of the task order (TO) for design and installation, the agency realized the contracting officer’s warrant threshold was less than the negotiated TO amount.
- The agency considered de-scoping the project, removing essential energy conservation measures (ECMs).
Contracting Officer Threshold

Solution:

- The agency brought in a contracting officer with a higher warrant threshold and the project was awarded.

Best Practices

- Verify contracting officer’s warrant level up front
- Include a contracting officer with an unlimited warrant, if possible
- Keep management informed
Engaging the Contracting Officer

**Background:**

- The agency energy manager, a UESC champion, led a market survey and utility selection process
- The no-cost and no future obligation PA and the detailed IGA proved the comprehensive project was economically viable
- The project moved forward to the TO for design and installation without the contracting officer
Engaging the Contracting Officer

Challenge:

• The contracting officer was invited to the party after all the technical work was completed and “ready for award”

• Knowing the technical work was completed and having had no experience with UESC, the CO/KO was justifiably not willing to award the contract without due diligence
Engaging the Contracting Officer

Solution:

- Contracting officer reached out to FEMP for rapid UESC training and was able to award the project with confidence within weeks

Best Practices

- Engage the CO/KO during acquisition planning and be sure they are familiar with UESCs
- The acquisition team, CO/KO and contract specialist develop the contract documents – the CO/KO is critical
- Contact FEMP and FEMP’s Virtual Center of Expertise if training is required.
The Financing Advantage

Background:

- Management decided to use congressional appropriations to replace failing equipment
- Agency engaged team of key players, including decision makers, procurement staff, and engineers to participate in the UESC process
- Facility staff identified 10 unfunded infrastructure improvement measures which qualified as ECMs
The Financing Advantage

**Challenge:**

- Available appropriations would only pay for one ECM
- Management was hesitant to pursue additional funding through financing (due to interest costs)
- Preferred to use available funds to address a single ECM and wait for future appropriations to upgrade and replace the others
The Financing Advantage

Solution:

- Demonstrated that long term energy savings would outweigh interest costs by addressing all ECMs and implementing a comprehensive project
- Maximized funding through a combination of appropriations and financing

Best Practices

- Maximize available agency funding by combining third party financing
- Be prepared with a briefing to gain approval for strategic use of funds
Balancing Design Time and Detail

**Background:**

- Agency wanted to replace existing boilers with natural gas cogeneration system
- Environmental mandate deadlines were approaching
- Objective was to quickly award a UESC project prior to funds expiring
Balancing Design Time and Detail

**Challenge:**

- Proposal included a design sketch with limited design detail (30%)
- Utility added cost estimates for contingencies to balance risk of unknown costs
- Agency and utility were not able to negotiate acceptable pricing and the project hit a major roadblock
Balancing Design Time and Detail

**Solution:**

- Since the PA was conducted at no cost and no future obligation, the agency decided not to move forward with the proposal.
- The agency restarted the effort, allowing time to obtain thorough design estimates and competitive bids.
- Project moved forward to award the task order for design and installation.
Best Practices

• Develop a clear scope of work and obtain a no-cost and no future obligation PA

• Obtain enough design detail to procure competitive pricing with minimal risk-associated contingency costs

• Use expiring funds strategically – pay for the IGA or resilience study

• Begin payments early on ECMs that can be installed quickly