



Agenda Date: 3/19/08  
Agenda Item: LSD

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
Two Gateway Center  
Newark, NJ 07102  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

|   |   |                       |
|---|---|-----------------------|
| IN THE MATTER OF THE CONTRACT AMENDMENT   | ) | ORDER                 |
| FOR WEB SITE AND EVALUATION SERVICES WITH | ) |                       |
| APPLIED ENERGY GROUP, PROGRAM             | ) |                       |
| COORDINATOR, CONTRACT #68922              | ) | DOCKET NO. EO08030151 |

(SERVICE LIST ATTACHED)

BY THE BOARD:

*Background and Procedural History*

On July 11, 2007, as a result of a competitive solicitation administered by the Department of Treasury, Applied Energy Group (AEG) was awarded contract #68922 to deliver Program Coordinator services. By letter dated December 17, 2007, AEG proposed two modifications to its contract related to the web site and evaluation services as follows:

The AEG Contract for Program Coordinator services requires AEG to supply and maintain the equipment needed to host New Jersey's Clean Energy Program web site. AEG's proposal and Best and Final Offer included the provision of two servers to meet the requirements of the AEG Contract.

Subsequent to the set up and transition of the web site to AEG, it was determined that a third server was needed for staging or development of applications prior to transfer to the live web site. AEG is requesting modification of its contract to recover expenses associated with purchasing and maintaining the third server as described more fully in its proposed contract modifications. The cost of the proposed third server was \$3,000 and the incremental cost to maintain the third server is \$475 per month.

AEG's Contract Line 15 includes a fixed fee per year for program evaluation services. The fee is based on an assumption of 200 hours of professional services per year for a fixed fee of \$32,000 per year. The OCE recently held discussions with AEG regarding program evaluation activities anticipated in 2008. OCE and AEG anticipate that the level of services required, including supporting the CRA and Energy Master Plan proceedings, will significantly exceed the 200 hours assumed in the existing contract price. In addition, OCE believes that, due to the nature of the ongoing BPU proceedings, the number of hours required to provide these services is largely indeterminate at this time. Therefore, AEG proposed modifying the evaluation services component of its contract from a fixed fee to a per hour charge, with the per hour rates being those for individuals included in its proposal, with a maximum not to exceed amount of

\$204,000. The maximum amount is based on an assumption of 1,200 hours of program evaluation support at a blended rate of \$170 per hour.

OCE has met with AEG to discuss the proposed contract amendments. OCE believes that the proposed amendments are reasonable and necessary to provide the level of services required by the OCE. The fees for the additional web site server and maintenance are below the fees included in AEG's proposal for the initial 2 servers. OCE concurs that the need for the third server was not identified in the RFP and was not included in AEG's proposal.

The hourly rates included in the proposal for evaluation services are the rates included in AEG's contract and the services will be provided by AEG staff included in its proposal. OCE believes the number of hours estimated to perform the proposed evaluation tasks is reasonable. Based on the above, OCE recommends approval of AEG's proposed contract amendments dated December 17, 2007.

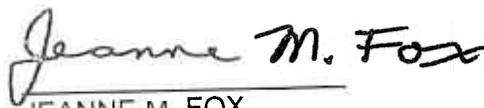
*Discussion and Finding*

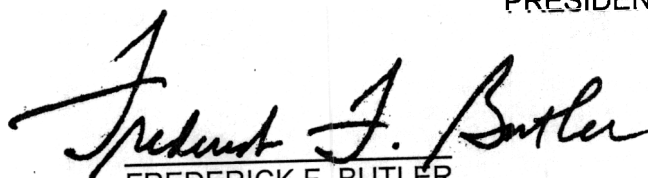
The Board has reviewed the proposed amendments to the Program Coordinator contract submitted by AEG. The Board **FINDS** that the proposed changes are reasonable and necessary to support New Jersey's Clean Energy Program. Therefore, the Board **HEREBY APPROVES** the contract amendments submitted by AEG dated December 17, 2007.


The proposed amendments to the AEG contract also require the approval of the Department of the Treasury (Treasury). On March 18, 2008 Treasury verbally informed the Board of its approval of the proposed contract amendments. On April 22, 2008, Treasury transmitted its Award Recommendation approving the amendments to the AEG contract to Board Staff.

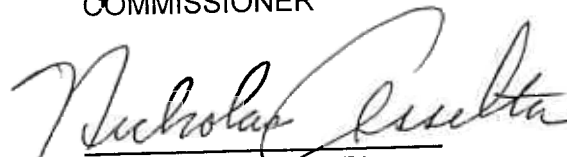
DATED: 5/14/08

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

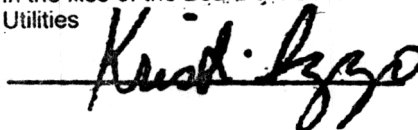
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA

document is a true copy of the original  
in the files of the Board of Public  
Utilities

ATTEST:

  
KRISTI IZZO  
SECRETARY





## **APPLIED ENERGY GROUP, INC.**

*Quality and Commitment since 1982*

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WWW.APPLIEDENERGYGROUP.COM

December 17, 2007

Michael Winka, Director  
Office of Clean Energy  
New Jersey Board of Public Utilities  
44 S. Clinton Street  
PO Box 350  
Trenton, NJ 08625-0350

Re: Applied Energy Group – Proposed Contract Modifications

Dear Mr. Winka:

Applied Energy Group (AEG) was awarded a contract to provide Program Coordinator services dated July 11, 2007, contract # 68922. This letter is to request modifications to that contract related to the provision of website and evaluation services.

### *Web Site*

The Program Coordinator RFP requires AEG to provide and maintain an OCE approved web site, hosting services and webmaster capabilities for New Jersey's Clean Energy Program. The RFP did not identify the need for a "development" server, needed to stage applications prior to posting live on the web site, or the number of servers required to provide these services.

Prior to preparing our proposal, AEG held discussions with TraynorKirk, the previous host of the web site, regarding the existing network arrangements. AEG was informed that 2 servers would be required for hosting the NJ web site and assorted modules. In our proposal, Section 2.2.3.2, page 30, AEG proposed to "purchase and configure 2 servers to fully support the content management solution and transfer all data to these servers."

After award of the contract and setup of the 2 servers included in our proposal, TraynorKirk informed AEG that Grafica, a firm engaged by the OCE to assist in managing the web site, was using a third server for staging and development of new applications prior to transfer to the live web environment. A development or staging server is a standard application in order that testing be performed outside of the production environment. TraynorKirk hosted the development server prior to handover, but is not contracted to provide these services after handover of the web

- Managing the day-to-day activities of KEMA, the contractor engaged by the OCE to perform an impact evaluation and review of draft and final reports
- Drafting RFPs for additional evaluation activities required including potential process evaluations
- Supporting the Board's assessment of the need for additional securitization in the SREC market
- Updating market potential studies to support the CRA proceeding
- Developing energy savings protocols for new programs
- Preparation of evaluation plans
- Performing an evaluation of 2007 program activities

AEG believes that the level of work required to support these activities are largely indeterminate at this time and will vary from month to month and year to year because evaluation requirements will evolve and change as the CRA, EMP and other proceedings progress. Therefore, AEG proposes that evaluation activities be billed based on the actual number of hours worked providing these services, up to a maximum proposed below. This proposal would treat evaluation activities in the same way as other miscellaneous administrative activities included in Contract Line 28.

Based on the above, AEG proposes to modify Contract Line 15 as follows:

**Contract Line 15:** Program Evaluation is currently a fixed fee of \$32,000 per year based on an assumption of 200 hours per year. AEG proposes to modify Contract Line 15 from a fixed fee to a fee based upon the actual number of hours worked supporting evaluation activities. Hourly rates would be the rates included in AEG's Best and Final Offer and evaluation support activities would be provided by existing professionals included in our proposal. AEG proposes that a cap of 1,200 hours per year be established for Contract Line 15. A blended rate of \$170/hour for the Project Direct, Quality Assurance Manager and Project Director titles results in a maximum price of \$204,000 for Program Evaluation activities.

Please feel free to contact me should you have any questions regarding this matter or require any additional information.

Very truly yours,



Michael Ambrosio

CC: Mona Mosser, OCE  
 Scott Hunter, OCE  
 Anne Marie McShea, OCE