



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM)	ORDER
SELECTION OF PROVIDER OF MANAGEMENT)	
SERVICES, COMMERCIAL AND INDUSTRIAL)	
ENERGY EFFICIENCY PROGRAM - MARKET)	
MANAGER –CONTRACT AMENDMENT 1)	
FOR TRC MARKET MANAGER)	DOCKET NO. EO05080667

(SERVICE LIST ATTACHED)

BY THE BOARD:

Background and Procedural History

By Order dated December 22, 2006, Docket No. EX04040276, the Board approved final programs and budgets for New Jersey's Clean Energy Program. The Board noted in that Order that it is in the process of transitioning day-to-day administration of many of the energy efficiency and renewable energy programs from the utilities and the Office of Clean Energy (OCE or Staff) to Market Managers selected through a competitive bidding process.

Specifically, on September 6, 2005, the New Jersey Department of the Treasury (Treasury), Division of Purchase and Property issued, on behalf of the Board, Request for Proposal 06-X-38052 (RFP) for New Jersey Clean Energy Program Management Services. After an extensive review of the proposals submitted, including the submission of best and final price offers and negotiation of several price components, the Board selected Honeywell International, Inc. (Honeywell) as the Market Manager for residential energy efficiency and renewable energy programs and TRC Energy Services (TRC) as the Market Manager for commercial and industrial energy efficiency programs.

On October 19, 2006, Treasury issued a contract to Honeywell and to TRC to provide program management services (Honeywell: Contract Number A67052, TRC: Contract Number A67053). Since the issuance of the contracts by Treasury, OCE has worked closely with Honeywell, TRC and the utilities to plan for and implement a smooth transition of the programs.

The contracts included firm, fixed prices to deliver the programs as they existed in 2005. However, a number of programs have changed, or market conditions related to the programs have changed, since the RFP was issued and proposals were submitted.

Changes to the programs and market conditions that have occurred since the RFP was issued and proposals were submitted have created the need for the Board to consider changes to the prices that were included in Honeywell's and TRC's bids, and to align the bid prices with the current programs and markets. The following sets out specific modifications to the prices included in the Market Manager contracts that have been proposed by TRC and reviewed by OCE with a recommendation for approval:

The proposal submitted by TRC in October 2005 identifies, for purposes of the contract, 2006 as Year 1 and 2007 as Year 2. Due to the delay in the release of the Market Manager Request For Proposal and subsequent award of the contract, calendar year 2007 is now Year 1 as identified in the contract. Therefore, the contract must be modified to reflect the fact that 2007 is now Year 1. Pursuant to the contract, pricing for each subsequent year increases 3%. The prices for 2007 shown in TRC's proposal and the purchase order A67053 for calendar year 2007 remain in effect for calendar year 2007, even though implementation of the contract was delayed. OCE recommends approval of this amendment for all work performed after the approval of the transition.

The TRC contract price for marketing the programs is a fixed, lump sum marketing payment for each program. The OCE does not believe that a fixed, lump sum price is appropriate or efficient, since marketing needs to be flexible to react to existing market conditions. The OCE is recommending approval of the proposal to subdivide the fixed annual price into twelve monthly payments, which will not impact the overall marketing budget unless TRC does not need to conduct all of the variable marketing, in which case the costs for marketing will be lower as compared to the current, fixed, lump sum price.

TRC also proposes changing the language identified as "Pass Thru Line for Rebates" to "Pass Thru Line for Rebates and Program Incentives." Staff concurs with the proposed change, which clarifies the intent of the rebates.

TRC has proposed that the provision of a call center, on an interim basis, be added to the contract. The RFP for Market Manager Services anticipated that the call center would be provided by the Program Coordinator (PC). The initial calls to the PC's centralized call center would have been screened by the PC for general responses and then directed to one of the Market Managers. Thus, the TRC proposal was not framed to include, and its successful bid price did not reflect, the cost of a call center. It is now clear that, given the delay in the Program Coordinator RFP, implementation of the required services will require the Market Manager to provide call center services on an interim basis. TRC submitted an Amendment request on January 31, 2007. OCE reviewed the request and asked for modifications thereto. TRC subsequently provided a revised plan on March 6, 2007. It is OCE's opinion that the revised monthly cost of the call center, \$5500, is reasonable.


The OCE has forwarded these contract modifications to the Department of Treasury for review and it has approved the proposals as a contract amendment.

Conclusion

The Board has reviewed the proposed modifications to TRC Contract Number A67053 and believes they are reasonable and will better align contract prices with the current programs and market conditions. Therefore, the Board **HEREBY APPROVES** the proposed modifications to the contract attached hereto as Appendix A.

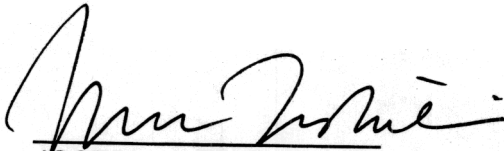
DATED: 3/22/07


BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

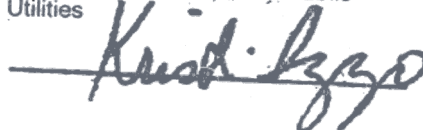

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



APPENDIX A
(attached are the contract amendments)



TRC
Proposed Contract Amendment
Management Consulting: Program Management Services,
NJ Clean Energy Program
Contract # A67053 – Commercial & Industrial Market Manager

Contract Amendment No. 1
Clarification of Contract Year & Pricing

TRC's proposal, submitted in October, 2005, showed Year 1 prices for calendar year 2006 and Year 2 prices for calendar year 2007. Prices shown in TRC's proposal, and the purchase order A67053 for calendar year 2007 remain in effect for calendar year 2007, which, due to the delay in award of the program, is now **Year 1**. Pricing for each subsequent year will increase 3%. i.e., Year 2 prices, for calendar year 2008 are the newly defined Year 1 prices (TRC proposal - calendar year 2007) plus 3%; Year 3 prices for calendar year 2009 are year 2 prices plus 3%, etc.

Line 79:

Existing Contract Language:

Bid Item 189: Pass through line for optional year price increases and other pass thru items.

Year 1 prices are for calendar year 2006

Year 2 prices are for calendar year 2007

Cal. Yr. 2008 prices are yr. 2 prices + 3%

Cal. Yr. 2009 prices are yr. 2 prices + 6%

Cal. Yr. 2010 prices are yr. 2 prices + 9%

Line 79:

Proposed Contract Language:

Bid Item 189: Pass through line for optional year price increases and other pass thru items.

Year 1 prices are for calendar year 2007

Year 2 prices are for calendar year 2008

Cal. Yr. 2009 prices are yr. 2 prices + 3%

Cal. Yr. 2010 prices are yr. 2 prices + 6%

Cal. Yr. 2011 prices are yr. 2 prices + 9%



TRC

**Proposed Contract Amendment
Management Consulting: Program Management Services,
NJ Clean Energy Program
Contract # A67053 – Commercial & Industrial Market Manager**

**Contract Amendment No. 2
Marketing Line Item Changes**

Per the OCE's request, TRC proposes the following changes to the Marketing Line items related to amending the budget from a single, annual, lump sum/fixed price to two components: a fixed marketing cost to be billed monthly and a variable marketing cost. TRC will invoice the fixed costs as stated below. TRC will work with the OCE to confirm the specific marketing elements and will invoice for the variable services as they are performed and materials provided up to the not-to-exceed variable marketing cost contract line item.

Fixed line items represent costs associated with management, oversight and strategic development; outreach and education; creative design services; website support; conference attendance and the like. Variable line item represents costs associated with trade publication advertising, program materials such as stationery, production of program marketing collateral material, printing, bill inserts, etc. All variable marketing elements will be in our program marketing plans approved by the OCE and we will obtain OCE Program Manager pre-approval for any variable marketing cost over \$50,000. Variable costs may be billed monthly as incurred.

Costs of sponsorships for trade organizations currently handled by utilities and/or the OCE are not reflected in TRC's bid and contract.

AMENDMENTS TO MARKETING LINE ITEMS:

NEW CONSTRUCTION:

Current:

Contract Line Number 51* - Year 1 \$26,780.

Requested Amendment:

Change:

Contract Line Number 51: Year 1 Fixed Program Marketing
12 months @ \$886/Month \$10,632.

Add:

Contract Line Number 51A – Year 1 – Variable Marketing \$16,148.

- Trade Publication Advertising
- Trade Show Collateral
- Printing Stationery and Forms
- Printing Program Marketing Collateral



- Bill Inserts

Budget Impact: No change

EXISTING BUILDING RETROFIT:

Current:

Contract Line Number 60* - Year 1 \$237,200

Requested Amendment:

Change:

Contract Line Number 60: Year 1 Fixed Program Marketing
12 months @ \$7,840/Month \$94,084.

Add:

Contract Line Number 60A – Year 1 – Variable Marketing \$143,116.

- Trade Publication Advertising
- Trade Show Collateral
- Printing Stationery and Forms
- Printing Program Marketing Collateral
- Bill Inserts

Budget Impact: No change

SCHOOLS CONSTRUCTION:

Current:

Contract Line Number 69* - Year 1 \$53,560.

Requested Amendment:

Change:

Contract Line Number 69: Year 1 Fixed Program Marketing
12 months @ \$1,773/Month \$21,276

Add:

Contract Line Number 69A – Year 1 – Variable Marketing \$32,284.

- Trade Publication Advertising
- Trade Show Collateral
- Printing Stationery and Forms
- Printing Program Marketing Collateral
- Bill Inserts

Budget Impact: No change



COMBINED HEAT AND POWER:

Current:

Contract Line Number 75* - Year 1 \$7,210.

Requested Amendment:

Change:

Contract Line Number 75: Year 1 Fixed Program Marketing
12 months @ \$239/Month \$2,868.

Add:

Contract Line Number 75A – Year 1 – Variable Marketing \$4,342

- Trade Publication Advertising
- Trade Show Collateral
- Printing Stationery and Forms
- Printing Program Marketing Collateral
- Bill Inserts

Budget Impact: No change

* Per Contract Amendment #1, lines 51, 60, 69 and 75 now represent Year Marketing



TRC
Proposed Contract Amendment
Management Consulting: Program Management Services,
NJ Clean Energy Program
Contract # A67053 – Commercial & Industrial Market Manager

Contract Amendment No. 3
Rebate Category Clarification

Per BPU request, TRC proposed a change to line item 77, bid item 187. Existing language is “Pass Thru Line for Rebates”. Proposed language is “Pass Thru Line for Rebates and Program Incentives”

The intent here is to distinguish between *Program* Incentives and *Performance* Incentives which are recovered through contract line 78.



TRC
Management Consulting: Program Management Services,
NJ Clean Energy Program
Contract # A67053 – Commercial & Industrial Market Manager

Proposed Contract Amendment No. 5
Additional Scope Related to Lack of Program Coordinator

TRC submits this Amendment to the above-referenced contract to provide additional services due to the lack of a Program Coordinator (PC). These services relate to establishment of a toll free number.

Originally, the Program Coordinator was to establish a call center and toll-free telephone number for receiving calls related to the NJ Clean Energy Program. Staff of the PC would, among other things, receive calls; provide general program information to the callers; screen calls to determine that inquiries were appropriate for a particular Market Manager; and transfer commercial and industrial market sector calls to TRC. TRC in turn would establish the ability to receive these transferred calls.

Since the PC is not yet in place, it is our understanding that TRC should establish and maintain a toll-free number specific to the C&I sector. The cost for this service was not included in our proposal pricing and is shown below:

Total Monthly Cost: \$5,500

This price includes the cost of establishing the toll-free number, the estimated monthly usage fees, and the cost of technical/administrative support to provide the general screening required. The price was estimated based on an average of 2,000 calls per year, or ~7.5 per business day, with an average duration (including research and callbacks) of twenty minutes. The result is ~1/2 of a full-time equivalent staff plus approximately \$2,000 for the toll free lines and usage fees. As soon as the Program Coordinator's call center is set up and fully operational, TRC will coordinate with the PC to have this toll free number transferred as appropriate. The monthly costs above will then cease.

Proposed contract addition:

Add Line Item 81: Additional scope related to lack of Program Coordinator, \$5,500 per month.