



DC SUSTAINABLE ENERGY UTILITY

Solicitation Number: RFP-DCSEU-2018– EEFP

Notice Type: Request for Proposals (RFP)

Title: **Partner lenders for EEFP 2.0**

Posted Date: December 5, 2018

Questions Due: 12/12/2018

Response Due Date:

12/28/2018 at 5:00pm EST

1. OBJECTIVE

Vermont Energy Investment Corporation d/b/a the District of Columbia Sustainable Energy Utility (DCSEU) is issuing this RFP to solicit a qualified lender or lenders to work with the DCSEU to provide innovative efficiency finance solutions to targeted customer segments.

This RFP is for qualified lender(s) to participate in the activities described below. Respondents must demonstrate the capacity and technical capability necessary to successfully commit to the participation requirements stated herein and detailed in Section V. The lender(s) selected through this RFP will enter into agreements with the DCSEU to document the commitments of both parties and their mutual participation in this program.

2. BACKGROUND

The Council of the District of Columbia enacted the Clean and Affordable Energy Act of 2008 (CAEA), which called for the creation of the DCSEU.

With goals specified in the CAEA, the District Department of Energy & Environment (DOEE) designed a performance-based contract for the DCSEU, which is responsible for conducting programs in the District to reduce per-capita energy consumption, increase renewable energy generating capacity, reduce the growth of peak electricity demand, improve the energy efficiency of low-income housing, reduce the growth of energy demand of the largest energy users, increase the number of green collar jobs in the District, and increase the number of businesses within the District (i.e. Certified Business Enterprises, or CBE requirements).

The DCSEU is funded by the Sustainable Energy Trust Fund, which was established through the CAEA.

The District Department of Energy & Environment contracted with Vermont Energy Investment Corporation (VEIC) to form the DCSEU in 2011; the parties entered a new contract in 2017 for continued DCSEU operations. The purpose of the DCSEU is to design and implement programs that will lead to a reduction in energy use throughout the District of Columbia while achieving the economic development goals outlined above. In FY 2019 and beyond the DCSEU will offer a suite of initiatives targeting services to both residential and commercial customers of the District's energy utilities.

3. SUMMARY

The DCSEU is inviting proposals from qualified and experienced providers of innovative efficiency finance solutions to participate in the Energy Efficiency Financing Program 2.0 (Program) as a lending partner (Lender). The DCSEU is specifically inviting proposals from organizations that have a demonstrable track record in the single family homes and/or small business customer segments.

Following are the broad market characteristics of the two customer segments in DC:

Customer segment	Approximate no. of distinct sites	Avg. cost of energy improvement project	Estimated retrofit potential	Assumed % of customers needing financial assistance (in the period April 2019 – September 2021)	Estimated market potential for lending (till September 30, 2021)
Single family homes	126,000	\$7,952	\$1.00 Bn	10%	\$100 Mn
Small businesses	58,000	\$10,000	\$0.58 Bn	10%	\$58 Mn

Note: The above data is for information purposes only.

The DCSEU may choose to enter into a single MOU for both customer segments with a Lender or have one MOU each with two Lenders exclusively for each customer segment for the Program. The term of the MOU with respect to origination and closing of transactions within the Program will be two (2.5) years or up until September 30, 2021, whichever is earlier (Performance Period). The Lender's period with respect to servicing shall continue beyond the Performance Period until all servicing obligations have been completed by Lender. The agreement may be terminated by either party without cause with 60-day's notice. However, in such event, Lender will still be obligated post-termination to service any existing transactions that have already been originated through the Program and will be obligated to honor its obligations on the current portfolio.

I. The primary objectives of the proposed partnership are to:

1. Offer easy to access Efficiency-as-a-Service (EaaS) or Energy Savings Agreement (ESA) type financing (Financing) to past and new customers of the DCSEU for financing efficiency projects at single family residences and/or small businesses located in District.
2. Help all participating customers, regardless of size, finance projects that reduce energy bills, improve personal and/or business cash flow and provide long term financial savings.

II. The secondary objectives of the proposed partnership are to:

1. Help the DCSEU financially through the revenue share (% of financing disbursed)
2. Help the DCSEU deploy incentives/rebates and claim savings effectively in the single family residential and small business customer segments.
3. Help qualified certified business enterprises (CBEs) grow their revenue

III. The selected Lender(s) will be required to provide commitments to the DCSEU, for the duration of the Performance Period, regarding the following aspects:

- a. Amount of capital available for lending in aggregate and to each customer segment
- b. Minimum shared savings, if applicable
- c. Involvement of key management

IV. The DCSEU will provide the following in return to the selected Lender(s):

1. Exclusive use of, and co-branding opportunity with, the DCSEU brand and associated trademarks for providing financing to the applicable customer segment/s
2. Exclusive access to leads generated in the applicable customer segment/s
3. Access to the use of available incentive/rebate funding
4. Programmatic and transaction-level support, as applicable, from in-house

- a. engineering and data analytics team,
 - b. customer-specific account managers,
 - c. trade allies manager,
 - d. marketing and communication team, and
 - e. IT support and office management team
5. Use of office space, meeting rooms and event space as necessary and as available by DCSEU

V. Please note that:

1. All and any of the DCSEU's contributions will be subject to existing and future terms and conditions of the DCSEU's prime contract with DOEE.
2. The Performance Period may be extended based on mutual agreement and subject to the DCSEU prime contract limitations.
3. Exclusivity in any respect provided to the Lender(s) are expressly limited to the purposes of EEFP 2.0 and the customer segment(s) being served by the Lender(s).
4. When cost incurred is for using DCSEU resources like staff time, IT systems, office space etc, such costs will be payable to DCSEU on a reimbursable basis.
5. Upon selection at the end of the RFP process, the DCSEU and selected Partner(s) will jointly develop a Program Design Document (PDD) that will reflect the terms contained in the selected applicant(s) response. After the Parties mutually develop and agree upon a PDD, the parties will move toward developing (i) a Memorandum of Understanding (MoU) to memorialize the terms contained in the PDD and (ii) other contracts/agreements, as required, to bind both Parties to its respective obligations, with a target date of March 30, 2019 as the execution date. DCSEU's expenses during the PDD phase shall only be limited to staff time. Any extraneous costs during the PDD phase including surveys carried out using third party services shall be borne by the Partner. If the PDD development process does not end by February 28, 2019, the DCSEU will have the ability to invite other applicant(s) to be a Partner in lieu of the selected applicant.

4. PERIOD OF PERFORMANCE

The term of the MOU(s) resulting from this RFP is anticipated to be from April 15, 2019 to September 30, 2021; however the DCSEU will retain the option to extend the term of the MOU(s) for up to three (3) additional years.

5. OBLIGATIONS

The selected lender(s) shall commit to the following as part of their participation:

Lenders will market, originate, underwrite, and service Financing given through the Program. In addition, Lenders will provide technical support to customers during service term as laid out in the terms of Financing. Other specific obligations include:

1. Designing the Program in collaboration with the DCSEU;
2. Developing marketing materials and promoting the Program to potential customers;
3. Transaction structuring and underwriting;
4. Closing and servicing of Financing transactions;
5. Releasing and monitoring disbursements from Financing including payments to contractors, if applicable;
6. Collecting data and reporting outcomes to the DCSEU monthly on Program-related activity.

6. RFP Milestones / Schedule

Milestone	Date
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RFP Issued	12/5/2018
Deadline for questions on RFP	12/12/2018
Answers to questions on RFP posted	12/18/2018
Proposals due	12/28/2018
Lender selection and award	1/8/2019
MOU negotiation and execution	3/30/2019
Performance Period Begins	4/15/2019
Final reporting	9/30/2021
Project closeout	9/30/2021

7. GENERAL

Program Process

The Program will be a collaboration between Lender(s) and the DCSEU. The process general flow and roles are outlined below. The final process and details will be worked out after selection, and may be modified during the life of the Program to ensure its success:

1. Marketing/Lead-Intake:
 - a. Lender(s) will develop marketing materials;
 - b. Lender(s) will promote the Program through targeted strategies including distribution of materials to potential customers;
 - c. DCSEU will refer all potential leads through the appropriate channels to the Lender(s).
2. Technical Assistance and Underwriting: Prior to closing Financing for a customer the Lender(s) will:
 - a. Coordinate with customers for receiving all necessary documentation required for Financing and eligible DCSEU funding, if applicable;
 - b. Receive support from DCSEU Engineering and Data Analytics Team for analyzing energy savings potential from proposed efficiency projects, where needed and feasible
 - c. Coordinate with customer and relevant DCSEU staff (if needed) to receive all data required for the underwriting process.
3. Financing closing, construction, and inspections
 - a. Lender(s) will liaise with contractors, the relevant DCSEU staff, and other entities, as applicable, for ensuring efficient and transparent closing of Financing;
 - b. Lender(s) will develop project construction monitoring plan and for any project accessing DCSEU funding, alert relevant DCSEU staff about any potential delay, cost overruns or other material deviances;
 - c. Lender(s) will conduct or will organize for inspections as required under DCSEU's guidelines in order to access any DCSEU funding.
4. Servicing
 - a. Lender(s) will be responsible for all obligations under the service period for each Financing transaction irrespective of the status of its partnership with the DCSEU
5. Reporting: The Lender(s) will track and report the following on a monthly basis to the DCSEU

- a. Number of customers contacted;
- b. Number of applications under review;
- c. Number of Financings closed with Lender verification that borrowers adhere to program eligibility criteria including zip code, customer type and Financing amount;
- d. Reason why Financing was denied or why an approved Financing did not go to closing;
- e. Number of Financings closed and Financing disbursed;
- f. Number of households that qualify as low-income and number of small businesses that are CBEs.

The selected Lender(s) shall provide, in accordance with their MOU, all management, supervision, labor, facilities, and materials necessary to participate as set forth therein.

8. PREPARING AND DELIVERING A RESPONSE

For ease and efficiency of review, the DCSEU has specified the requirements for submitting a response to this RFP. Respondents must follow exactly, and be responsive to, ALL requirements of this RFP. It is the respondent's responsibility to provide all specified materials in the required form and format. Responses that are not in the required form and format will not be considered.

Responses to this RFP must be *submitted electronically* to proposals@dcseu.com no later than **5:00 p.m. EST on December 28, 2018**. Responses received after this deadline will not be accepted.

9. RESPONSE REQUIREMENTS (MINIMUM REQUIREMENTS)

1. All responses to the following must be submitted to proposals@dcseu.com.
 - I) Name of the business, contact person, and contact information: Include full legal name, address, telephone, mobile telephone number, fax number, e-mail address, and website address, as applicable.
 - II) Company profile: Provide a brief company profile, not exceeding 500 words.
 - III) Statement of ownership: Describe the type of business entity (sole proprietorship, corporation, LLC, or other), and list the majority and minority owners.
 - IV) Past Performance: This section should provide a description of the applicant's lending philosophy and mission, specific lending experience serving single family residences and/or small businesses, including current portfolio size, default rate, and average amount of Financing. Information related to loans provided to either or both of the customer segments that do not conform with the EaaS or ESA structure may also be mentioned here.
 - V) Names and brief description of key personnel who you expect will perform the work tasks. All Respondents must include names, titles, and any applicable certifications.
 - VI) Licenses. Proof of Basic Business license(s) and / or all applicable license(s) required to perform the services. Licenses must be current.
 - VII) **Financial Solvency.** The DCSEU will evaluate financial statements to determine respondent's eligibility for consideration. Determination will be made on a "qualified or not qualified" basis at the sole discretion of DCSEU. Points will not be awarded for this item. Those responders who are

determined “not qualified” on the basis of financial solvency may be required to submit additional documents. Financial statements must be submitted in a separate sealed envelope, identified on the outside with “RFP-EEFP 2.0”. The name of the Submitter’s firm and “CONFIDENTIAL” must clearly and prominently be marked on the outside of the envelope. Assurance of respondent’s financial solvency:

- a. Must be hand delivered or sent certified mail, signature required to DC Sustainable Energy Utility, 80 M Street SE, Suite 310, Washington, DC 20003 and received by the DCSEU no later than January 4, 2018 at 5:00 p.m.
- b. Must include one (1) balance sheet and profit loss summary for the last calendar or fiscal year. Financial documents submitted will not be returned, so obtain duplicate original documents. Financial documents must be signed and dated by a company representative. This is required information.
- c. If respondent chooses to send via certified mail, please record tracking number on application.

VIII) **Proposed Pricing.** Include a summary of respondent’s cost and price information in response to the Scope of Work outlined in this RFP.

Please provide information on revenue share offered to DCSEU during the Performance Period:

Period	April 15, 2019 – September 30, 2019	October 1, 2019 – September 30, 2020	October 1, 2020 – September 30, 2021
Project financial closure fees offered (%)			

Note: Information entered for “Project closure fees” should be expressed in terms of percentage of total financing disbursed per project in each sub-period that will be paid to the DCSEU upon full disbursement. The % may be different under each sub-period.

- IX) Evidence of Strength of the Service Provider’s team. Provide a qualification statement on team’s experience and ability to perform this work and participate in this program. Describe the Service Provider’s experience in providing the items listed in this RFP’s Obligations section. This description must include:
 - a. Technical competencies & experience;
 - b. Management plan for accomplishing the work;
 - (i) This section should describe the proposed Program design, including coordinating with the DCSEU staff, type of conforming Financing offered, underwriting standards/criteria, servicing terms, and assistance offered to customers during service period. Key information should include:
 1. Proposed Program-related activities, services, and products
 2. Proposed process and system of Financing disbursement and repayment
 3. Customer eligibility criteria and Financing underwriting standards

4. Eligible efficiency and other home/business improvement measures covered by Financing
 5. Proposed operating plan for Financing during service period
- c. Proposed personnel and their training and experience relative to the skills required to perform the services (note: please make a note if the personnel is yet to be hired);
 - d. DCSEU Support needed

The applicant will also provide information on the expected DCSEU support needed during Program implementation in the following format:

Period	April 15, 2019 – September 30, 2019	October 1, 2019 – September 30, 2020	October 1, 2020 – September 30, 2021
Total Expected Person-hours (#)			
Support Categories (e.g. marketing, engineering, data analytics, account management)			

Note: Information entered for “Support Categories” is for indicative purposes only and will not be used for proposal scoring purposes. Final decision on extent of DCSEU support needed and available will be made during PDD phase.

- e. Staffing capabilities—the Service Provider must be able to meet any electronic submission requirements of the DCSEU for incentive processing and compliance reporting; and
- f. Two (2) client references and their contact information. References must be able to comment on project work of similar scope and scale, business practices and stability.

X) Disclosure of any pertinent litigation

- a. Respondent must disclose any judgment, lawsuit, action, or regulatory decision that may adversely affect Respondent’s ability to meet any requirements of this RFP or Respondent’s proposal. Respondent agrees to provide a detailed description of any of the above events and the applicable case number in its proposal.
- b. This disclosure obligation is an on-going material obligation that applies from the date of proposal submission through the expiration of any resulting MOU award. Failure to disclose pertinent litigation may result in the disqualification of Respondent’s proposal.

10. EVALUATION CRITERIA

Responses will be assessed in accordance with the following evaluation criteria:

Criteria	Maximum Points
Responsiveness to RFP Requirements	25
Company Qualifications	60
Key personnel qualifications	15
Relevant experience	15
Quality of Management Plan	15
References	15
Proposed Pricing	15
Total	100

The DCSEU reserves the right to evaluate responses on criteria not listed above.

The DCSEU will evaluate all responses to determine which Submitters are best suited for providing the desired services. The DCSEU may request additional information from one or more Submitters, and may request personal interviews with the highest-ranked Submitters.

Note:

The DCSEU reserves the right to reject any or all responses, to waive any informality or irregularity in any response received, and to be the sole judge of the merits of the respective responses received. The DCSEU reserves the right to determine the timing of the start of the services, reserves the right to cancel in part or in its entirety the RFP and reserves the right not to proceed with some or all of the work. The DCSEU will not reimburse costs incurred by the respondent in their preparation for the responses to this RFP.

All questions must be submitted via e-mail with the subject line “RFP-DCSEU-2018– EEF P Questions” to proposals@dcseu.com.

Questions will not be accepted after 5:00 p.m., December 12, 2018 and will only be accepted through email submissions to proposals@dcseu.com with the subject line “RFP-DCSEU-2018– EEF P Questions” Answers to all questions received will be posted (along with the questions) to the DCSEU website no later than 5:00 p.m., December 18, 2018. Telephone calls, faxes, and / or requests for a solicitation will not be accepted or acknowledged.

The deadline for delivery of responses to this RFP is **December 28, 2018 at 5:00 p.m. EST**. As stated in Section VI, responses must be submitted electronically via the online portal (portal.dcseu.com).

In addition, the financial solvency documents stated in **Section VII**, must be hand delivered or sent certified mail, signature required to DC Sustainable Energy Utility, 80 M Street SE, Suite 310, Washington, DC 20003 and received by the DCSEU no later than 5:00 p.m on January 4, 2018.

Contracting Office

Attn: Courtney Stoner

DC Sustainable Energy Utility

80 M Street SE, Suite 310

Washington, DC 20003

E-mail: proposals@dcseu.com

Web: www.dcseu.com