



DC
SUSTAINABLE ENERGY
UTILITY

October 1, 2018 – September 30, 2019
ENERGY STAR® Residential Lighting
Negotiated Cooperative Promotions for
DC Sustainable Energy Utility

Request for Proposals
Manufacturer-Turnkey Promotions

Dated: August 1, 2018

PROPOSALS TO BE SUBMITTED BY

Friday, August 24, 2018, 5:00 PM EDT

Attachments:

- **Attachment A - DCSEU FY19 Retail Lighting Program Workbook (Excel spreadsheet)**
- **Attachment B - District of Columbia Zip Code List**

Solicitation Number: RFP – DCSEU – 2019 – 00200 –EP

Notice Type: Request for Proposals

Short Title: ENERGY STAR® Residential Lighting Negotiated Cooperative Promotions for DC Sustainable Energy Utility: Manufacturer-Turnkey

1. BACKGROUND

Vermont Energy Investment Corporation (VEIC) operates the DCSEU, which was created by the Council of the District of Columbia under the Clean and Affordable Energy Act of 2008 (CAEA). The DCSEU 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 the Environment contracted with the Vermont Energy Investment Corporation to form the DCSEU in 2011. 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 the DCSEU will offer a suite of initiatives targeting services to both residential and commercial customers of the District's energy utilities.

Manufacturers who sell ENERGY STAR certified LED lighting products are invited to submit proposals for the use of the DCSEU's promotional incentives in independent retailer locations, and are encouraged to present innovative and creative approaches to promoting efficient lighting products as well as competitive pricing. Product markdowns will be the primary promotion type offered in FY19.

2. PROGRAM DESCRIPTION

The main goal of the Manufacturer-Turnkey RFP is to provide independent DC retailers an avenue to sell cost-competitive LED Products, thereby supporting local business and expanding DCSEU's reach. The general program strategy is to enable in-store promotions for which retailers purchase lighting products from manufacturers at wholesale pricing with the DCSEU incentive included. This RFP is being distributed to lighting manufacturers.

The source of the funding for this program is the Sustainable Energy Trust Fund, which collects a system benefits charge from Washington, DC utilities through their ratepayers. To ensure that the benefits of this program are returned to these same ratepayers, retail locations located outside the District of Columbia will not be considered for this program, even though it is understood that District residents might shop in neighboring states.

2.1 Program Duration

Promotions may be proposed to run in Fiscal Year 2019, from **October 1, 2018** through **September 30, 2019**. DCSEU may extend the promotions every year (or a portion thereof) for up to two option years. The time

period for each proposed promotion must be specified on *Attachment A - DCSEU FY19 Retail Lighting Program Workbook*.

3 PROGRAM GOAL

The goal of the DCSEU FY19 (October 1, 2018 – September 30, 2019) Manufacturer–Turnkey Negotiated Cooperative Lighting Promotions is to make approximately 3,000 LEDs available at reduced retail prices to District residents, primarily via the existing turnkey retail partners in Washington, DC.

4 PROPOSAL AND PROMOTIONAL REQUIREMENTS

4.1 Eligible Products

Products eligible for promotion under this RFP include: ENERGY STAR qualified residential LED light bulbs and fixtures (as listed on www.energystar.gov). This RFP explicitly excludes light fixtures using high-pressure sodium or other HID lamps, linear fluorescent tubes, compact fluorescents, portable work lights, and halogen or incandescent lamps or fixtures.

Promotional products must be qualified under the most current version of the relevant ENERGY STAR specification as of the start date of the proposed promotion. The DCSEU must receive written notification of any products delisted from the ENERGY STAR qualified products list within 30 days of the manufacturer receiving notification from EPA.

Note: *The DCSEU reserves the right to exclude specific ENERGY STAR qualified products from this promotion for any reason including results of independent, third-party testing. Manufacturers may offer replacement products; however, the DCSEU is under no obligation to accept these replacements.*

4.2 Type of Proposals Requested

Partners may apply for subsidization of prices on ENERGY STAR qualified lighting products through a Product Buydown.

- Sales Data Submission and Incentive Requests:** Respondents will apply for a Buydown by proposing maximum quantities of each product for consideration and the amount of reimbursement requested for each product (*see “Incentive Schedule” for guidelines*). Reimbursement for product sales will be made at 100% of the agreed amount upon receipt of store level shipment data. The manufacturer is responsible for collecting sales data from retailers quarterly and submitting to the DCSEU at mou@dcseu.com by January 1, 2019, April 1, 2019, and July 1, 2019. The DCSEU will track sales data to confirm if sale quantities are aligning with bulb order quantities. If stores do not provide sales data, they will not be eligible to continue ordering bulbs through the promotion. The DCSEU reserves the right to suspend a store’s participation in the program. Instructions for data submittal will be included in the

Memorandum of Understanding (MOU) for the promotion. Sales data from individual transactions should be provided where possible.

- **Invoicing:** The manufacturer will be responsible for sending invoices to retailers and collecting payment. Since many retailers enrolled in the turnkey promotion are owner-operated, they typically respond best to phone calls regarding issues with payments. In addition, some retailers are open to pre-paying for orders and then receiving products.
- **Documentation required:**
 - Proposals **MUST** include sample POS reports in order to be considered. This report must include sales data by SKU, store location, and date range. Once product mix, packaging, and quantities for the promotion are established and agreed upon, they cannot be changed without prior written DCSEU approval.
 - Manufacturers should also submit documentation stating their process for collecting payments from retailers and whether they are willing to accept pre-payment for orders.
 - Manufacturers should also include a sample invoice for the promotion that clearly states the products purchased and the affiliation with the DCSEU Residential Lighting Program.
- **MOU Amendments:** Once promotions are active, manufacturers should request MOU amendments from the DCSEU for product mix changes and regular retail price decreases. These requests must be made at least one week prior to the change being implemented in the store.

The DCSEU encourages manufacturers to allow retailers to order bulbs in smaller quantities as bulb sales have slowed down. If possible, manufacturers are encouraged to provide retailers with the DCSEU discount upfront and to be responsible for collecting and submitting sales data to the DCSEU.

5 INCENTIVE SCHEDULE

The DCSEU will reimburse product based on the following matrix, which shows MAXIMUM incentive reimbursement levels¹. Per product incentive levels are dependent upon DCSEU Efficient Products Program budgets, and may be subject to change, should DCSEU budgets change.

| ENERGY STAR® Bulb/Fixture Type | Maximum DCSEU Incentive Per Bulb/Fixture | Target Retail Price Price Per Bulb/Fixture (after incentive is applied) |
|--------------------------------|--|---|
|--------------------------------|--|---|

³ Product/measure lifetime may be used to determine reimbursement levels.

| | | |
|---|--------|--------|
| LED Omnidirectional (A-style except A15) | | |
| A-Style Bulbs (A19, A21), 3-Way | \$3 | \$0.95 |
| LED Directional | | |
| MR16, BRs, PARs | \$2.75 | \$3.45 |
| LED Decorative | | |
| Globe, Candelabra, A15 | \$2.75 | \$1.95 |
| LED Luminaires (Fixtures) | | |
| Indoor Fixtures (incl. downlight retrofit kit) | \$5 | \$6.95 |
| Outdoor Fixtures | \$5 | \$6.95 |

6 MARKETING

Marketing Requirements

- All Creative Materials (POP, advertising, collateral) must be submitted to the DCSEU’s Main Contact for approval at least five (5) business days prior to printing or production.
- Advertising and POP materials MUST feature DCSEU logos and Initiative messaging.
- Partners should check with the DCSEU Main Contact for the most up-to-date templates and standards.
- All advertising materials must adhere to ENERGY STAR Identity Guidelines.

Preference will be given to proposals that include strong manufacturer and retailer promotional marketing support. Opportunities to receive additional incentives for marketing activities are described below.

In addition, partners are encouraged to use DCSEU Account Manager resources for training on-site staff on promotions and technologies.

Manufacturers are encouraged to enhance their marketing activities by considering the following promotional elements when preparing their proposals:

Cooperative Advertising

- Manufacturers may request DCSEU funding to supplement the cost of advertising campaigns. The DCSEU will reimburse Manufacturers fifty (50) percent of the cost of advertising that has received prior approval by the DCSEU, up to \$2,000.00 per year for corporate Manufacturers.
- All Creative Materials must be submitted to the DCSEU’s Main Contact for approval at least five (5) business days prior to printing or production. All Creative Materials MUST feature DCSEU, District of Columbia Government, and ENERGY STAR logos.

- Proof of advertising (i.e. newspaper tear sheet, radio sound file, invoice for end cap placement, etc.) will be required for payment once marketing is complete. All submissions must be accompanied by a FY 2019 DCSEU Co-Op Advertising submission sheet.
- Only partners who comply with the terms of submission and approval of POP materials, as noted above, will be eligible for Cooperative Advertising.

7 SELECTION CRITERIA

Selection and funding of any submitted proposals will be based on:

1. Past promotional and administrative performance will be considered, including adherence to all applicable DCSEU MOU provisions to date. This includes the number of bulbs sold, soundness of sales projections, and incentive spending paid per MOU in the current or previous active Fiscal Years. It also includes the demonstrated ability to produce and implement Point of Purchase promotional materials that include DCSEU logos.
2. Product quality - preference will be given to products that have successfully complied with current ENERGY STAR specifications.
3. Proposed product mix – LEDs – in a range of color temperatures and wattages (40, 60, 75, and 100 watt equivalents), and an emphasis on a variety of LED form factors (3-way, reflector, downlight).
4. Sustainable markets – preference will be given to partners with a strong commitment to continually stocking ENERGY STAR lighting products.
5. Requested incentive – preference will be given to proposals that offer cooperative financial support from both retail and manufacturing partners to help reduce the price to the consumer.
6. Marketing efforts – preference may be given to dedicated marketing efforts (i.e. end cap displays, free standing shippers, special events, etc.)
7. Retail location – preference may be given to partners with retail locations in District of Columbia wards 7 and 8.

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

The DCSEU reserves the right to reject any and all submitted proposals and will not reimburse any costs incurred by Respondent/Offerors. The DCSEU may also refine or negotiate the specifics of any submitted promotion, including funding and per product incentive levels through subsequent discussions and negotiation with the proposing parties. Incentive funds will be available only upon written confirmation (in a Memorandum of Understanding) from the DCSEU. Actual incentive amounts for approved promotions will be detailed within the MOU. The DCSEU will monitor promotion performance and reserve the right to subsequently reallocate, reduce, or deny funding for promotions that are not in compliance with the MOU. The DCSEU reserves the right to cancel in part or in its entirety the MOU, if any of these actions is deemed by the DCSEU in its sole discretion to be in

the DCSEU's best interest. Additionally, the DCSEU reserves the right to determine the timing of the start of this program and reserves the right not to proceed with the program.

8 PREPARING A PROPOSAL

Proposals must include a completed *DCSEU FY19 Retail Lighting Program Workbook* (see Attachment A). Manufacturers submitting proposals for multiple retailers must submit separate workbooks for each promotion. See also the instructions on the Guide and Summary worksheet and the input messages built into the form itself. ***Incomplete Workbooks will not be considered.***

9 SUBMISSION DEADLINES AND REQUIREMENTS

1. The deadline for submission of proposals is Friday, August 24, 2018, 5:00 PM EDT.

Completed proposals must include:

- a) Completed *DCSEU FY19 Retail Lighting Program Workbook*
 - b) All sample documentation (e.g., sales data reports) pertinent to the promotion proposed.
- Optional marketing proposals to promote the lighting markdown will also be accepted, if appropriate.

2. Responses must be submitted electronically via e-mail to: mou@dcseu.com with ***RFP Submission for Turnkey Lighting Promotion*** in the subject line.

Responses must be received in full by 5:00 PM EDT on Friday, August 24, 2018 or they will not be considered for priority allocation of funding. Proposals accepted on a rolling basis after this deadline will be considered only as funding is available.

Questions regarding this RFP, developing a negotiated cooperative promotion proposal, or other aspects of the DCSEU lighting programs should be submitted to mou@dcseu.com by Friday, August 17, 2018 at 5:00 PM EDT. Answers to all questions received by this deadline will be posted (along with the questions) to the DCSEU website (www.dcseu.com) no later than 5:00 PM EDT, on Monday, August 20, 2018.

Contracting Office Address: DC Sustainable Energy Utility
80 M Street SE, Suite 310
Washington, DC 20003

Email: mou@dcseu.com

Web: www.dcseu.com

Energy benefits: The DCSEU shall be entitled to claim 100% of the energy benefits associated with the Energy Cost Measurements (ECMs) accrued from this program, excluding the value of the energy cost savings realized by the customer, but including all rights to all associated PJM Energy Capacity and Reserves Products, and any other environmental credits. The Manufacturer must agree to provide the

DCSEU with such further documentation as the DCSEU might request to confirm its respective ownership of such benefits.