Solar for All RFP – Questions and Answers

Last updated 12/21/18

Solar for All Proposals are due on January 9, 2019 at 5:00pm.

Please submit proposals to proposals@DCSEU.com

SINGLE FAMILY

1. *Is the contractor required to reduce the number of kilowatts by 50% or the total amount of the electric bill?*

   A: The intent of the RFP is to have the developer maximize the roof system by installing the maximum amount of solar possible. The developer must take into account roof and system size, setbacks, power usage, structural integrity, as well as other factors in determining the amount of solar that can be installed. Ideally, the homeowner will receive a minimum of 50% savings off of their electric bill. However, we understand that that is not always possible given home usage, power demand, and available roof space.

2. *What documents are required to verify income?*

   A: There are many ways to confirm that a resident is income eligible for the Solar for All Program.

   1. Option 1: HUD's "uncapped" 2019 income levels. See updated income levels on DOEE website: https://doee.dc.gov/solarforall.
   2. Option 2: Households can be categorically eligible if they've participated in another income-qualified program (e.g. SNAP, TANF, LIHEAP) in the past 12 months.
   3. Proof of income for everyone in the home who receives income.
   4. A government issued photo ID.
   5. Social Security cards for everyone in the home.

It is important to note that, for these single-family and “capital improvement” projects, income eligible homes need to certify only once, upfront, at the beginning of the process.

GENERAL

1. *What penalties (if any) would a company face if it were to pull out after being awarded the grant?*

   A: Through the DCSEU SfA program, the DCSEU will execute subcontracts with successful bidders. The awards will not be grants. The awards will be incentive payments in return for a contractual obligation for 15 years of output from the solar systems supported by the incentive payments.

   If a successful bidder “pulls out”, that is, if a bidder does not move forward with a project after signing a subcontract, but before receiving any incentive payments, there is no penalty.

   However, if a subcontractor has received one or more incentive payments – which can occur at three milestones as indicated in the solicitation – and if the project does not come on line, or if the project under-performs and does not provide solar output at the expected level, the DCSEU will have a contractual right to recover all of the incentive payments or a portion of the incentive payments based on a number of factors including output, and length of project operation. This recovery is not considered a “penalty”, but rather it allows us to reclaim incentive payments that are not being used for their intended purpose under subcontract.

2. *Would you please help me understand the "accelerator milestone" disbursements? Are these 25% disbursements in addition to the 10% and 15% payments for the design and materials acquired milestones? What qualifies a contractor to get one vs the other? For example, if a contractor bids the CREF incentive at $1/w, could they possible receive up to $1.50/w with the accelerator payments?*

A: There are only one set of milestone payments that are distributed to a winning bidder. These payments ideally will occur after permitting (10% of funds disbursed), equipment purchase (15% of funds disbursed), and upon project completion and approval by DCRA (75% or remaining funds disbursed). A bidder who achieves and successfully documents that permits have been received, and that materials have been purchased, is eligible to claim and receive the first two milestone payments. It is anticipated that bidders will reach milestones on time and in order, however, it is possible that a bidder achieves one of the milestones before the other. In either case, the incentive payment will still be paid. Please note that even if either of the earlier milestones are not met, the bidder will still receive the total incentive payment once the project is completed as long as it is completed by Sept 30, 2019. In the example in the question, if a contractor bids the CREF incentive at $1/w, the total incentive the contractor will receive upon substantial completion will be $1/w with or without the accelerator payments.

3. *If milestones 1 and 2 are not achieved within the milestone timeline, yet milestone 3 is achieved within the timeline, will that impact the total amount of the incentive payment or will the payments for milestone 1 and 2 be included in the milestone 3 payment? Should the incentive amount decrease, the financier may require us to not place the project in SFA in which case we would forfeit Solar for All grant money for the project.*

   A: If milestones 1 and 2 are not achieved within the allotted time, yet milestone 3 is achieved within the timeline, the milestone 1 and 2 payments would be included in the milestone 3 payment. A project is not required to meet the milestones in order to receive the total compensation. However, we encourage bidders to follow the prescribed development and milestone plan included in the RFP, and we will give a higher score to those projects that have plan(s) to meet the milestones as a means of completing projects before September 30, 2019.

4. *When will you know your planned subscriber management approach? (And) Will applicants have the option of internally managing subscription if you select a preferred vendor?*

A: The Subscriber Organization and the management approach will be determined by DOEE. Details on the subscriber organization and management approach will be made public by DOEE in the next few months.

Bidders that wish to propose subscriber organization services are encouraged to do so in their DCSEU SfA bid. Bidders should describe the advantages of their approach, and they may, at the discretion of the DCSEU SfA review committee, be awarded points under the innovation category if the approach is deemed to be practical and advantageous to advancing the District's solar goals. Ideas will be shared with DOEE for their review, consideration, and potential approval.

5. *During the webinar you mentioned identified sites will get more points than unidentified sites. In connection with this, is there an ideal portfolio size you are looking for and will points be connected to this ideal portfolio size? Or, is it the case that a 500kw portfolio and a 1.1 mw portfolio would be viewed as having the same merit from a points perspective as long as they have the same characteristics otherwise? We ask because if there is an ideal portfolio size we would work to add or remove projects from our proposal based on that ideal portfolio size.*

   A: There is not an "ideal" portfolio size. There is a minimum of 60 kW for CREFs and 10 households for single family bids.

   Consistent with the scoring categories and criteria identified in the solicitation higher points will be awarded to bids that have a larger rather than a smaller portfolio (more MW for CREF and more households for SF). More points will also be awarded to those bids with more kW proposed.

   A bidder's proposed capacity in Category A will be reviewed by the scoring committee in terms of proposed output and the bidder's ability to bring the projects online by September 30, 2019. Each bidder's response should be supported by information that demonstrates the bidder and the team's capabilities to successfully complete the proposed projects.

The preference for greater scale under category A is also balanced by the project(s) readiness in category C. In category C, higher points will be awarded to proposals that have projects that are identified, have letters of commitment, and/or are more solar-ready.

6. *During the webinar it appeared you said, or implied, the prime bidder is the one whose portfolio of existing solar projects must be included in the proposal. We are curious if you could clarify some questions around the prime bidder. We are working with several local DC partners as we work to put together the strongest team possible and we have been wondering who to make the prime bidder. If the requirement is the prime bidder is the one whose existing portfolio of constructed solar projects must be included than that would make it seem the prime bidder must be the EPC partner. Is that how you intend it? In addition, if that is the case, do performance bonds, insurance, financials, etc. have to also come from the prime bidder? Or can these be provided by partners on the bid? If all the above can come from different partners on the bid (i.e., a financial partner, a few DC project managers, an EPC) than that will help us identify who our prime bidder can and should be. Any clarifying information you can provide on if there are requirements for the prime bidder versus the partners on the bid and what exactly those are that would be greatly helpful because we have a good team working together but we want to make sure we optimally assign team members on the proposal and don't accidentally misinterpret the rules of the RFP.*

   A: The prime bidder will have contractual obligations with the DCSEU to deliver all the proposed results. Subcontractors on each team will be responsible to the prime bidder, who in turn will be responsible to the DCSEU via the prime contract. Each potential team will need to consider and put forward the team structure and approach that best represents their talents and capabilities and will help them receive the maximum points during the scoring process.

The team experience and quality component of a bidder's proposal can include the installed capacity for teaming partners if the details on the installed capacity for each of the teaming partners is accurately and separately presented.

In the CREF solicitation, there are points available to the prime bidder for being a CBE and there are also points available for local teaming partners.

7. *Securing points for "Innovation": One idea you mentioned on the webinar was if the financial partner offered to commit to continue the projects as CREF projects after year 15. Do we just need to provide a letter of commitment to that effect? Or what other proof would you require that we intend to do that? More broadly, are you able to offer any more details on types of innovations you are hoping for? We believe you said something to the effect that using NGO properties for Solar For All could increase Innovation points, is that correct? We have an NGO property who provide services to low income DC residents and we believe Solar For All would be a perfect way to synergize Solar For All and their existing works, deepening their relationship with the community and deepening their impact to the people they serve, while helping Solar For All partner with an organization deep in the community Solar For All is hoping to help and serve. Is this what you mean by Innovation? Should we include this as an example? Any other thoughts you can offer to help clarify how you are thinking about what Innovation is and is not would help us understand how to correctly think about and position our Innovation suggestions and offerings.*

   A: The example provided above is consistent with the type of innovative ideas and collaborations that we hope to see in bids. We encourage bidders to provide clear description(s) and specifics about how the proposed innovation(s) will benefit the project, DC residents, and the environment. Providing supporting documents (i.e. agreements, details, etc.) is encouraged, and will help the bidder to receive the maximum innovation points. Additionally, the suggestion you made above, to include a letter of commitment or intent (LOI) for continued provision of credits after year 15, is the type of innovation we are looking for in bidder's proposals.

8. *One more question about Innovation, a slide on the webinar mentioned "favorable treatment of end credits". We weren't clear as to what you meant by this. Could you please clarify?*

   A: The subcontracts for CREFs require a 15-year commitment for CREF credits. For the Single-Family bids, a commitment of 15 years of net metered credits is required. The 15-year commitment is for provision of the credits at no cost to the receiving subscriber organization or homeowner. Favorable treatment of end credits refers to what happens to the credits at the end of the contract's life, after the 15-year contract has expired. The bidder is encouraged to include in their proposal what they plan to do with the credits, output, or solar infrastructure. For example, a bidder can offer to continue to provide these credits, or output, at no or low cost to the site owner. In another example, at the end of the 15 years, the bidder flips the ownership of the asset to the site or home owner for fair market value or some other negotiated cost.

9. *Is a performance bond required of the grantee or is a solar EPC performance guarantee adequate? Page 4 "Scope of Work" section of the RFP and Attachment B, section 2, both refer to a 15-year performance guarantee being required for the cumulative output of the system. Typically, such performance guarantees are provided by the EPC and/or the solar contractor providing multi-year O&M services, and the guarantees are limited to a percentage of modeled output (ie 90%). However, the table on page 8 uses different language, requiring a "15-year MWh production commitment covered by a performance bond". There is a significant difference between a performance guarantee provided by a contractor and a performance bond provided by a bond issuer. Because a performance bond purchased from a bond issuer could be difficult to accurately price and expensive to obtain for 15 years, whereas a performance guarantee is the more common best practice and easily priced, our preference would be for the program to require a performance guarantee, not a performance bond. Please clarify.*

   A: Our objective is to have a contractual obligation for the program that provides a means to recover incentive dollars if the system performance falls below 90% of the expected output. We are open to proposed mechanisms that meet our requirements, and that can not only be offered in the most economical and efficient manner, but are also tied to a documented and clear means for the program to recover funds, if necessary, from the prime contractor (i.e. DCSEU subcontractor) or a third party that will be responsible for paying back the incentive dollars for non-performance. The performance bond was the term that we have used to indicate this expectation.

We also want to clarify that selected bidders will become "subcontractors" via a contractual agreement with the DCSEU; they will not be "grantees".

10. *Is the performance bond intended to cover the system construction, ensuring that construction is completed?*

A: No, it is meant to cover the commitment for future 15 years of output at 90%+ of expected weather normalized output for the system. A system that is not completed will not receive the final incentive payment and will be responsible for returning any incentive payments made for development milestones that were met.

A system that meets milestone 1 and 2 and receives incentive payments for those milestones, but does not subsequently complete construction will be required to return the incentive payments received for milestones 1 and 2. Note that milestone incentive payment funds advanced to contractors will be secured by a collateral assignment of permits and project documents, and by a security interest in personal property relating to the applicable project.

11. *Is the performance bond self-performing or third party?*

A: We are open to mechanisms that meet our requirements and can be offered more economically and efficiently. The mechanism proposed must provide a means for the Solar for All program to recover funds if the bidder does not satisfy the terms of the contract. The mechanism proposed could be a means of self-insurance, or a product offered by a third party.

12. *Is it anticipated that the 15-year performance commitment will be made by a third-party (e.g. an insurer), or is a commitment from the solar developer sufficient?*

    A: Our objective is to have a sound commitment with contractually viable backing from the developer. The exact mechanism to be proposed can be determined by developers if it meets the programs requirements. Backing from the solar developer may be sufficient as long as there is a documented and sound mechanism proposed. A third-party insurer may also be a viable and more favorable option for some developers. Developers may also want to consider adding (additional) metering systems into their proposals to document output results and add redundancy to the metering system.

13. *Page 4 of the RFP under "Incentive Structure and Period of Performance" states that "Funds advanced to contractors will be secured by a collateral assignment of permits and project documents and by a security interest in personal property relating to the applicable project." Such collateral assignment and security interest would conflict with the requirements of private lenders and/or tax equity investors who also require such collateral. Will DCSEU's requirements be subordinate to the requirements of other financing parties?*

    A: Bidding teams are responsible to propose a structure that is viable for them and meets the requirements they have for lending and tax equity partners to successfully complete the project. The DCSEU will require collateral, and a bid that provides a stronger position for the DCSEU in this regard will be considered more favorably. However, no direct points or requirements beyond the provision of collateral are stated.

14. *Has the DCSEU evaluated whether a project would be better off economically by selling subscriptions to private subscribers, rather than enrolling in the Solar for All program? While a maximum grant of $1.25 is valuable, this incentive should be compared to the value of the total CREF subscription value over a 15-year period, which can be calculated by multiplying the generation in kwh times the CREF Credit Rate. For example, a 100 KW system produces 1250 KWH per KW or 125,000KWH per year, which over 15 years yields 1,875,000. If this output is multiplied by the current CREF Credit Rates, the value from a residential CREF is*

[1,875,000 x $0.124] = $232,500 and the subscription value from a CREF serving commercial customers is [1,875,000 x $0.074] = $138,750. A more sophisticated analysis might apply a reasonable discount rate to calculate the NPV of the subscription value, the hypothetical sale price of CREF credits to private residential and/or commercial subscribers (i.e. 10% discount), a reasonable inflation rate to the CREF Credit Rate, and the costs to comply with the Solar for All program. Such analysis would be valuable to determine adequate SfA funding levels for this and future funding rounds.

A: Yes. In designing the program, we compared and considered the potential value of the SfA incentive in comparison and contrast to commercial net metering and market rate CREFs. Both of those may provide developers with project options that are similar, or in some cases more attractive than the SfA option.

However, we have set the CREF incentive level so that for the right projects the SfA incentive (with no-cost subscriptions for income eligible households only) should be sufficient to provide a reasonable return. It is up to potential bidders and hosts to determine if a SfA CREF, market rate CREF, or commercial net metering is the best option for them.

15. *Will applicants be eligible for the SFA FY 2019 program that have obtained a PEPCO Level 1," Approval to Install"? (Understand obtaining prior solar permits are ineligible).*

A: Yes

16. *Is there consideration for apartment buildings under SFA and if so the number of units eligible I.E. up to 4 units?*

A: In the Solar for All, Single Family homes RFP, the RFP states that single family residences include apartment buildings of up to 4 units. Income qualified residences and buildings are eligible to participate in the DCSEU singe buildings SfA program.

17. *Is selection preference given to responses that will directly affect low-moderate income (LMI) communities?*

A: All of the SfA projects are expected to directly benefit low and moderate-income households and communities through provisions of CREF credits and net metered system output at no cost to the participating households.

Bidders can receive points for indicating additional means by which their proposals and projects will directly impact and benefit low and moderate-income communities. For example, location on a community facility, roof repairs to a community facility, or CREF credits to be provided to a community facility could all be elements that receive points under the innovation criteria.

18. *Are the low-income guidelines accessible now and are the applications to sign up low-income residents accessible as well? Can copies of signed applications be used to demonstrate letters of commitment /support for SFA?*

    A: We do not have an application available. The bidder will be required to supply a letter of agreement or a host site agreement. Their agreement with the home is subject to review and approval by DOEE.

19. *Can the contractor sell the assets before the fifteen (15) year periods end? If so, what process would be used for the flow through? What paperwork would be required?*

    A: The ownership of the property or the system will not be restricted. However, the subcontracts will require that in the event of a sale or transfer, the DCSEU must be notified, and the new owner is contractually obligated to fulfil the subcontract terms, including: the 15 years of output (including the performance guarantee mechanisms) of the system are still contractually committed to the DCSEU, and the provisions of the performance bond will carry through the sale of the solar system.

20. *In the Evaluation Criteria, why does the point distribution ratio seem to indicate a preference for total MW's installed without showing a preference for District of Columbia MW's installed? This seems counter to DC policies that provide a general preference for District-based businesses and local experience.*

A: The capacity and costs category A has points for total capacity installed, not necessarily just capacity in the District. This is to ensure that we receive proposals from teams that have the capability to expedite the installation of the solar projects by the Sept. 30, 2019 deadline. We are looking for bidders or bidding teams that have great levels of development experience.

However, there are three areas where preference is for DC experience and partners are granted points:

- In the team quality and experience category B, under (criteria 7) points are awarded for operating capacity deployed in DC.
- Points are available for the inclusion of local teaming partners (under criteria 8) in the CREF solicitation if the prime bidder is not a CBE.
- Finally, up to 12 points are also available for Certified Business Enterprises under Category E.

21. *Carports and canopies typically cost 30%-40% more than a traditional rooftop installation. Will additional incentives be provided to cover the increased cost for developing carports and canopies?*

A: No additional incentives (beyond the amount proposed by a bidder, and subject to the maximum incentive bid cap) will be provided to cover the cost for developing carports and canopies. The incentive cap of $1.25/Watt for CREF and $1.75/Watt for SF still applies. It is up to the potential bidder to determine if the costs of the proposed systems allow for a viable return from the developer's perspective.

Applicants that propose carport and canopy systems in their bid can describe their approach and the advantages to this approach. They may be awarded points under the innovation category, at the discretion of the review committee.

22. *Buy America compliant solar equipment typically increases major component costs by 40%-50%. Will additional incentives be provided to cover the project cost increase?*

    A: Buy America is not a requirement in the RFP as issued. Regarding your question, no additional incentives (beyond the amount proposed by a bidder, and subject to the maximum incentive bid cap) will be provided to cover the cost for Buy America compliant solar equipment. The incentive cap of $1.25/Watt for CREF and $1.75/Watt for SF still applies. It is up to the potential bidder to determine if the costs of the proposed systems allow for a viable return from the developer's perspective.

    Applicants that propose Buy America compliant solar equipment in their bid can describe their approach and the advantages to this approach. They may be awarded points under the innovation category, at the discretion of the review committee.

23. *Attachment H lists Davis Bacon provisions. Are the Davis Bacon provisions and wages required for a CREF proposed on private property, which does not otherwise have any Davis Bacon requirements?*

    A: Davis Bacon generally applies to projects performed on Federal buildings with Federal money. In the case you mentioned above, it most likely will not apply. However, it is the responsibility of the bidder to determine whether or not it applies.

24. *Is Davis-Bacon wage scale a requirement for all Solar for All projects? Typically, this is a requirement for systems located on government and public property.*

    A: Where Davis Bacon applies, it will be required; where it does not apply, it will not be required.

25. *Was the Davis-Bacon requirement considered when the DCSEU's cost analysis decided on the maximum incentive level of $1.25 a watt?*

A: Yes, the DCSEU modeled a variety of scenarios. Our analysis considered a range of total installed costs and various labor rates, some of which would be subject to Davis-Bacon.

26. *Does the DCSEU / DOEE have data on how many solar projects in 2016, 2017, 2018 required Davis-Bacon wages?*

    A: No

27. *Environmental liability insurance is typically required for projects that disturb the environment such as ground-mount projects on green and brownfields. Will this also be an insurance requirement for rooftop systems that do not directly disturb the environment?*

    A: Final insurance determinations will be decided prior to contract execution by the Office of Risk Management, a District Government agency, in consultation with DOEE.

28. *In what circumstances will the sexual/physical abuse and molestation insurance be required?*

    A: Final insurance determinations will be decided prior to contract execution by the Office of Risk Management, a District Government agency, in consultation with DOEE.

29. *What fulfills the "finance" criterion as part of this RFP?*

    A: The financial statements must include one balance sheet and profit loss summary for the last calendar or fiscal year. Financial documents must be signed and dated by a company representative.

30. *Can we submit one application which includes both residential and CREF projects? Each project would be flagged as a CREF or residential project within the application.*

    A: No. A team or a prime bidder can participate in one or both solicitations, but the applications for each one need to be separate and complete.