



**EFFICIENCY PLUS BUSINESS PARTNERS PROGRAM  
PROGRAM DESCRIPTION  
(COMMERCIAL STANDARD OFFER)**

**Request for Proposals  
January 1, 2018**

**INTRODUCTION**

NorthWestern Energy (NWE) is currently accepting project proposals for its Efficiency Plus Business Partners Program. This program offers funding for **electric and/or natural gas** energy conservation and/or load management projects in retrofit and new construction applications including commercial, institutional, industrial, agricultural, and multi-family residential facilities/systems.

Funding for the Efficiency Plus Business Partners Program is provided through NorthWestern Energy supply rates. Small electric Choice customer project funding is provided through NorthWestern Energy's Universal System Benefits (USB) activities for electric conservation projects. Large electric Choice customers are not eligible to participate in this program. Large and small natural gas Choice customers are not eligible to participate in this program.

The following outline describes this program and the required information to be submitted with project proposals.

If you have any questions or concerns regarding the Efficiency Plus Business Partners Program, feel free to call 1-888-700-6878.

The deadline for proposals under this Request for Proposals (RFP) is **December 31, 2018, and may be extended if funding is available**. Continuing RFPs will be issued until all available program funds are exhausted. Projects received by the deadline will receive priority based upon cost effectiveness (greatest energy savings per unit cost).

**GENERAL**

Projects must demonstrate the cost-effectiveness of specific conservation and/or load management measures or a group of measures. These projects must also demonstrate the reliability and availability of equipment, while demonstrating the availability of qualified design services, contractors, and maintenance services.

NorthWestern Energy or its agents do not sell energy conservation products directly to customers.

NorthWestern Energy does not endorse or recommend any specific manufacturer, brand or model of energy conservation products.

## PROMOTION

Upon request, NWE may share in cooperative advertising, press releases, and other media events with architectural and engineering firms, equipment vendors, owners, and contractors, which have successfully participated in NWE's Efficiency Plus programs.

## IMPLEMENTATION FUNDING CRITERIA

1. Qualified projects include those energy conservation and load management measures, which would not otherwise be implemented, based on project economics.
2. Projects may involve retrofit and new construction applications for commercial, governmental, multifamily residential, irrigation, or industrial facilities.
3. The targeted facility must be an NWE electric and/or natural gas distribution customer. NWE technical assistance may be available for any project pending NWE review.
4. Any energy conservation and load management measure will receive consideration for funding. A single project may include more than one conservation or load management measure.
5. Funding will be available only for projects which meet NWE's cost-effectiveness criteria as defined under "**PROJECT REIMBURSEMENT AND CONTRACT PROVISIONS**". **NWE financial participation will be negotiated on a project-specific basis.**
6. NWE may provide the following **advisory** services to the customer during the implementation phase of the project:
  - project management assistance
  - technical advice
  - assistance in review of implementation design documents
  - assistance in review of project implementation bid documents
  - assistance in investigating or arranging project financing options
  - project commissioning

For any advisory services NWE may provide, the customer understands and agrees that, in providing such services, NWE shall be acting in an advisory capacity only and shall have no liability to the customer of any nature whatsoever for such advisory services.

7. Energy conservation or load management measures, which qualify for and receive incentives under this program, are not eligible for participation in any other existing or future NWE incentive program. Energy conservation measures, which have received incentives from other NWE programs, will not qualify for incentives under this program. Facilities can have more than one project on separate occasions.
8. NWE will not participate in projects, which are already in the implementation process.

9. Under this RFP, NWE project participation funding in **2018** is contingent on the project being completed and inspected by NWE no later than the predetermined contracted completion date.

### **PROGRAM MODIFICATIONS**

**The NorthWestern Energy reserves the right to modify or terminate this program at any time. In the event NWE modifies or terminates this program, commitments, which have signed agreements, dated prior to the program modification, will be honored.**

### **CONSERVATION PROJECT PRIORITIES**

Projects must emphasize electric and/or natural gas energy savings.

Projects benefits from conservation that provide unique benefits to NWE's distribution system shall be preferred. NWE may require published data concerning the Power Factor (PF) and Total Harmonic Distortion (THD) characteristics of any or all proposed electric equipment. NWE will not participate in projects that are determined to be detrimental to the owner's or NWE's electrical system.

All electric energy conservation projects should conform to IEEE 519 guidelines for both voltage and current distortion. Projects should not negatively impact facility load factors. All natural gas energy conservation projects must conform to the current International Fuel Gas Code in Montana.

### **PROJECT PROPOSAL REQUIREMENTS**

Both proposals for projects and proposals for project studies may be submitted for consideration at any time through **December 31, 2018**, the associated project or study must be completed by a contracted completion date. Respondents are encouraged to submit all proposals as soon as possible to be considered for funding in NWE's 2018 budget cycle. Proposals should be submitted to:

E+ Business Partners Program  
Regulatory Support Services Department  
NorthWestern Energy  
11 East Park Street  
Butte, MT 59701-1711

In order to be considered for funding or advisory services under this program, a project proposal **MUST** include all the information detailed in the following proposal outline. Complete all the blanks for items 1 through 4. Attach back up as required for items 5 through 12. **NOTE:** NWE may provide cost assistance for engineering and analysis costs associated with development of an acceptable proposal as defined under **"ENGINEERING ENERGY STUDY COST SHARING"** of this RFP.

**PROPOSAL OUTLINE**

1. All facility NorthWestern Energy billing account numbers:

\_\_\_\_\_

\_\_\_\_\_

2. Facility:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

3. Facility Owner:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

4. On site contact:

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

5. Identify the architect, engineer, and contractor involved in the project (include their addresses and phone numbers). Include a brief description of their role, along with background information about their experience with energy conservation and with this type of project in particular.

6. Facility description should include the following:

- a. Date of original construction and of major additions or renovations.
- b. Building usage, operating schedule, and number of occupants.
- c. Floor area and number of stories.
- d. Structural characteristics of floors, walls, and roof.
- e. Thermal characteristics of floors, walls, and roof.
- f. HVAC system and controls description.
- g. Characteristics of lighting equipment.

- h. Internal and process equipment.
  - i. Service hot water equipment.
7. Describe the proposed energy conservation and load management measures. Identify the equipment currently in use (base case condition). Describe the specific equipment to be installed (including acceptable manufacturers), if such information is available, and how the conservation or load management measure(s) will modify the performance compared to the facility's base condition. Estimate electric energy and demand savings and/or natural gas savings for each measure. Reduction/increase in energy consumption will be segregated by fuel type and detailed by month for a typical year. Electric demand reduction will be detailed by month as well.
  8. Describe the analysis method, including major assumptions and methodology, used in estimation of performance. Please note that copies of performance calculations and/or computer simulation printouts will be requested prior to project approval.
  9. Provide a detailed cost estimate of each proposed measure, including the design costs as a separate item. The estimates shall include unit costs of the major components, where unit costs are derived from appropriate design, procurement, and start-up costs. Please note that upon project completion, NWE may require that the actual cost of implementation of each measure, as well as the actual unit costs, be provided.
  10. Perform a detailed economic analysis based on the owner's perspective for each proposed measure. The economic analysis must include the following as a minimum. An estimate of the annual dollar savings, including incremental operations and maintenance (O&M) costs, associated with each proposed measure must be provided. It is very important for realistic incremental O&M costs or savings to be documented with each proposed measure. O&M costs or savings are an integral component in determining the true value of measures. Calculate the simple payback period for each proposed measure. Calculate the life cycle cost of the base case and each alternative. The life cycle cost will be the levelized annual cost of owning and operating the base case and each alternative. These costs will include initial cost, repair and replacement costs, utility costs, maintenance costs, and any other costs/benefits associated with ownership. Document discount rate, useful project life, and any other assumptions made for the analysis. Although life cycle costing is preferred, other types of analysis, including "rate-of-return" analysis, may be acceptable.
  11. Document any additional benefits or future avoided expenditures the customer expects to realize, other than utility savings, as a result of the proposed measure implementation. Some examples of additional benefits are: unique benefits to NWE's distribution system, renewable energy source utilization, additional facility security, indoor air quality improvements, noise reduction, increased comfort, lower insurance rates, etc. The dollar value of these additional benefits should also be documented, if possible.
  12. Include projected implementation schedule. This should include the anticipated design, procurement, and construction start and end dates.

13. Describe any time constraints associated with the project. If there is a date by which NWE must respond to avoid affecting project viability, it should be noted here.

### **PROJECT PROPOSAL REVIEW AND SELECTION**

NWE will attempt to respond to all proposals and energy study applications in a timely fashion. Project selection and prioritization will be made by NWE based on the following criteria.

1. Customer qualification (customer must not be a large choice customer as defined under statute).
2. Proposal compliance with program qualifications.
3. Qualifications of project designer(s) and/or contractor(s).
4. Cost-effectiveness of proposed energy conservation or load management measure(s).
5. Any project time constraints noted in the proposal.

### **PROJECT REIMBURSEMENT AND CONTRACT PROVISIONS**

1. NWE will determine the level of funding or advisory services it will invest in specific conservation or load management measures or groups of measures based on the life expectancy, reliability, and availability of the conservation resource, cost to NWE of administering the project, level of design assistance funding already provided, projected payback to the owner, funding available from other sources, and the value to the distribution system. Evaluating the value of the project involves appraising the proposed measure costs and savings, using NWE's economic criteria, to determine the life-cycle cost of the efficient alternative compared to the life cycle cost of the next best alternative. Projects with the best life cycle energy savings will be funded first.
2. All projects will require cost sharing on the part of the facility owner. This financial participation on the part of the facility owner helps to ensure the reliability and durability of the conservation acquired.
3. Project contracts will be executed with facility owners. It is the owner's responsibility to secure the services of the appropriate architectural, engineering, and contracting firms, as required, to ensure proper project implementation. NWE strongly recommends that the facility owner receive more than one bid for the scope of work.
4. Payments will be made to the owner when the project is complete and operating, or at specified times during the retrofit. NWE will inspect and make an adjusted final payment for all work completed as specified by contract.
5. The owner must allow NWE to install metering and monitoring equipment, as required, to assess project performance. The metering and monitoring equipment will remain the property of NWE.

6. The owner must allow NWE access to the facility during project installation and for 24 months after project start-up for assessment and inspection activities.
7. The owner will maintain ownership of all equipment installed as part of the Efficiency Plus Business Partners Program. Operation and maintenance of the equipment will be the responsibility of the owner.
8. NWE will make final project payment upon verification of proper measure installation and operation. Please note that architectural drawings, engineering drawings, specifications, and actual project cost information may be requested prior to payment, and an on-site inspection of the facility by NWE personnel may be conducted. NWE recommends “building commissioning”, and any associated costs should be broken out and included in the project cost. These costs will be included in NWE’s co-funding analysis. NWE also recommends that building owners pursue ongoing maintenance programs for the equipment and/or processes installed in conservation projects. NWE may **require** building or system commissioning on a project-specific basis.
9. NWE is not responsible for project design, operation, or performance. However, NWE will review the project design to verify estimates of costs, energy savings, and demand savings. In the event that NWE does not agree with the estimates presented in the proposal, NWE will provide notice to all parties of the reasons for and the magnitude of the disagreements, and will base its financial participation in the project on the adjusted projections.

### **ENGINEERING ENERGY STUDY COST SHARING**

NWE understands that the information required in a conservation project proposal is extensive. However, NWE will not pay any costs associated with the development of a study proposal. Engineering firms submitting study proposals should carefully choose potential projects. Project proposals submitted will be screened by NWE to assess conservation potential. Studies appearing to have the greatest conservation potential may be selected for funding. NWE will negotiate a cost-sharing amount with the owner of the facility. NWE may elect to provide the energy study using in-house resources, or may elect to provide the energy study utilizing outside contractors. All proposals for energy studies shall be given due consideration. Energy study costs shall in all cases be included in the cost of the project. This portion of the program is intended to provide co-funding for services provided by a private consultant. Funding will not be provided where in-house technical expertise is utilized to develop a project proposal. **A comprehensive facility study will be required when NWE co-funding is provided, unless the proposal demonstrates that such a study is not warranted. A comprehensive study will consider retrofit of all energy consuming systems/equipment and the facility envelope, as appropriate.**

To qualify for funding for design assistance, the facility owner must submit the following information:

1. All information as defined in items 1 through 6, detailed in the Proposal Outline.

2. A preliminary assessment of the conservation and load management potential for the proposed project. This preliminary assessment must include listings of specific retrofit measures to be evaluated, a rough estimate of the total energy and demand savings associated with the measures, estimates of project costs, and a proposed study completion date.
3. The proposed cost of the analysis.

If NWE approves the study, as defined above, NWE will execute an agreement directly with the service provider or through the facility owner, or both, as required by the specific project.

### **REQUIREMENTS**

1. Prior to study initiation, submit a complete and accurate proposal for study, developed in accordance with “**ENGINEERING ENERGY STUDY COST SHARING**”. The study should not begin until approval is given by NWE.
2. The proposed study will be comprehensive in nature, including analysis of all conservation measures appropriate for the facility or process.
3. The study is to be performed by a qualified architect or engineer. NWE staff will qualify consultants based on information submitted with the proposals.
4. The study proposal will include preliminary estimates of annual energy and electric demand savings and/or natural gas savings potential associated with the defined scope of work.
5. In no case will NWE’s contribution to a study be greater than the difference between the study cost and other grants and/or contributions available from other sources.