



California Community College Summit Funding & Financing Renewables Session 7: Procurement & Planning

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Agenda

- Planning; getting the house in order
 - Overall energy strategy
 - Stakeholders
 - Goals
 - Procurement
 - Select procurement strategy
 - Tender vs RFP vs RFQ vs Sole-source
 - Need for Speed
 - The current marketplace
 - Opportunity cost
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Planning – getting the house in order

- Renewables are an important element of your overall energy strategy, but only part
 - Campus development strategy, facility master plans should govern decisions
 - Commitment to sustainability fits inside these plans; comes in two parts
 - Use energy wisely
 - Source energy cleanly
 - Make sure all stakeholders are consulted
 - Facilities
 - Financial
 - Legal
 - Otherwise there is potential for significant delay
 - Have clear and well-quantified goals
 - Energy / sustainability goals
 - Financial performance / impact
 - Deadlines – keep moving forward!
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Procurement Strategy

- Availability of funds; do you / should you seek external financing
 - Typically yes; private ownership means project benefits from significant tax incentives
 - If you want to own the “green” aspect of the project, you can purchase the RECs (typically \$0.01 - \$0.02 premium)
 - Preserve your capital and bond funding for projects that don’t generate revenue
 - Renewable and efficiency projects create savings that can be used to make projects self-funding, even cash positive
 - Internal Staff Resources
 - How many people do you have? Do they already have day jobs?
 - How familiar are they with different contracting options?
 - Remember, if system is privately owned, you’re buying electricity
 - Not a typical tender situation
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To RFP or not to RFP...

- Traditional design-bid-build is usually inappropriate
 - You're buying electricity, not a system
 - Look for output performance, not specs
 - Technical specs are the responsibility of the system owner
 - Your obligation is to accept output
 - Project may be developed by an integrator / EPC contractor, but financing is critical
 - Usually best to select a team which brings all elements at once
 - Look for teams that have some track record, familiarity with each other
 - Financial strength of EPC member increasingly important
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RFP vs RFQ vs Sole-source

- RFQ is typically faster
 - But lacks ability to compare pricing
 - RFP does not take much longer for most projects, and gives clear price comparison
 - GC 4217 allows sole-sourcing for energy projects
 - If taking this route, pricing should be compared against industry norms to ensure reasonableness
 - Use existing documents. Please!
 - Industry is seeing scores of RFPs hit the street
 - Plenty of prior art available; saves everyone time if you use it
 - If you write something from scratch, it may lessen the attractiveness of your project and lower the number of bids
 - Consider hiring a consultant to guide you through the process
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Need for Speed

- Take the time needed to prepare, but then move quickly
 - Solar market is very active; many clients
 - Federal, especially DOD
 - Cities / counties
 - Utilities
 - Several others opening up
 - Keep your process simple and streamlined; maintain urgency
 - Faster execution also means quicker financial benefits
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- California-based engineering and construction company
 - Unique blend of global reach, local knowledge, innovation and technical excellence
 - 44,000 employees worldwide
 - 1,300 professional engineers in California alone
 - Highly active in the higher education market in California
 - Five business lines
 - Planning & Design
 - Transportation
 - Water
 - Environment
 - **ENERGY**
 - Common purpose – “to enhance and sustain the world’s built, natural and social environments”
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- Accredited Energy Services Company (ESCO) - qualified by NAESCO, DOE and DOD
- Market Segments
 - Energy Efficiency and Carbon Management
 - Transmission & Distribution
 - Power Generation
 - Hydropower & Dams
 - Renewable Energy
- Product and fuel neutral
- Local, flexible, experienced
- Highly experienced with higher education energy projects
- Highly experienced in design-build energy services

Thank You!

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