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LONG ISLAND POWER AUTHORITY

-----X

PROPOSERS' CONFERENCE

RE: Request for Proposals for an Energy  
Solution Provider

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The Omni  
333 Earle Ovington Boulevard  
Second Floor Assembly Room  
Uniondale, New York

July 9, 2009  
10:00 a.m.

B E F O R E :

DANIEL ZAWESKI, Assistant Vice President  
Energy Efficiency and  
Distributed Generation  
Programs, LIPA

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2 A P P E A R A N C E S:

3 For The Long Island Power Authority:

4 MICHAEL STANDRIDGE, Director of  
5 Contracts and  
6 Procurement

7 WALTER HOEFFER, Director of Municipal  
8 and School Programs

9 BRIAN HASSAN

10 STACEY WAGNER

11 MONICA PALMIOTTO

12

13

14 ATTENDEES:

15 GEORGE ZUNIGA

16 RON GIOVANNI

17 JOHN RAINONE

18 MARK BOWEN

19 MATT DUGAN

20 BRUCE APPELBAUM

21 MIKE MERNICK

22 JOHN MOORE

23 VICTOR NARKAJ

24 FRED GOLDNER

25 JOSEPH KARCHER

WILLIAM TOWERS

26

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1 P R O C E E D I N G S

2 MR. ZAWESKI: Good morning.

3 Can you all hear us pretty well?

4           we have this crazy air handling system  
5           that occasionally dampens everything out.

6           Can you hear?

7           A VOICE: Yes.

8           MR. ZAWESKI: We're here this morning  
9           for the Proposers' Conference for Solution  
10          Provider RFP. Apparently, you saw that and  
11          received it. That is the purpose of this  
12          meeting.

13          I am Daniel Zaweski. I am responsible  
14          for the energy efficiency programs here at  
15          LIPA.

16          I will ask this panel to introduce  
17          themselves.

18          MR. STANDRIDGE: Mike Standridge,  
19          Director of Contracts and Procurement.

20          MR. HOEFFER: Walter Hoefffer, Director  
21          of Municipal and School Programs in the  
22          area of energy efficiency.

23          MR. ZAWESKI: Generally, we also would  
24          have had Randy Spitzer, Director of  
25          Commercial Programs. He had a conflict

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1                           P R O C E E D I N G S  
2           this morning that wouldn't allow him to be  
3           here.

4           I put out a power point packet in the  
5           back, we have folks who work on our  
6           commercial program in different aspects.

7 If you can just introduce yourselves.

8 MR. HASSAN: Brian Hassan, Healthcare  
9 Account Executive.

10 MS. WAGNER: Stacey Wagner, Manager of  
11 Commercial Programs.

12 MS. PALMIOTTO: Monica Palmiotto.

13 MR. ZAWESKI: Well, now how we all  
14 relate together, you'll find out a little  
15 more. At least we know who is in the room.

16 Here is our agenda for the day. I am  
17 going to be doing half the talking.  
18 Mr. Standridge is going to be doing most of  
19 the talking. We, hopefully, will be able  
20 to get through this in an hour or less.

21 MR. STANDRIDGE: I want to say in  
22 terms of the format for the Proposers'  
23 Conference, you see the agenda here. We  
24 would like you to let us go through the  
25 presentation. At the end you will have an

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1 P R O C E E D I N G S  
2 opportunity to ask any questions.

3 This is a Proposers' Conference.  
4 We're going to post this presentation on  
5 the RFP website. We will post the sign-in  
6 sheet on the RFP website.

7 I want to say we'll do our best to  
8 answer any of your questions today. The

9 answers that we give you are preliminary in  
10 nature and subject to change. I just  
11 wanted to mention that.

12 Thanks.

13 MR. ZAWESKI: I thank you all for  
14 showing up. It was interesting, most of  
15 you who sent us a notice sent it in the  
16 past day or two. The beginning of this  
17 week we were contemplating whether anyone  
18 was coming. We're glad to see the level of  
19 participation here.

20 This RFP, just from my perspective, is  
21 probably, at least with respect to the RFPs  
22 we're going through now -- we will have a  
23 little more history -- are the most unique  
24 ones we have had ever in the energy  
25 efficiency work done here on Long Island,

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2 at least in terms of my general knowledge  
3 of the work that's being done out there.  
4 while I think this work is not unique,  
5 I am not really sure of everyone else  
6 having issued an RFP similar to this. We  
7 recognize its uniqueness.  
8 we think we strategized this the best  
9 way trying to get this work conducted.  
10 we're looking forward to some robust  
11 proposals.

12 A quick overview of LIPA. Since many  
13 of you are familiar faces, I will go through  
14 this a little bit expedited.

15 Is anyone here not familiar with LIPA  
16 and what we do?

17 Not seeing that, I am going to go  
18 through this pretty quickly. We are the  
19 corporate municipal instrumentality that is  
20 the electric utility on Long Island.

21 That includes Nassau and Suffolk  
22 Counties, as well as that portion of Queens  
23 known as Far Rockaway.

24 We own the transmission and  
25 distribution system and provide electrical

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1 P R O C E E D I N G S

2 service to our customers.

3 Our peak demand load recognized so far  
4 was recognized in 2006 at 5,800 megawatts.  
5 Given the way this summer is going right  
6 now, I have no reason to expect we're going  
7 to exceed that this year. You never know.

8 Peak demand and energy consumption  
9 continue to grow annually. We're not so  
10 sure about the growth that is going to  
11 occur in energy consumption this year  
12 through a combination of factors.

13 The Clean Energy Initiative was a

14 precursor to the work we're doing right  
15 now. It was a ten-year initiative that ran  
16 from 1999 through the end of 2008. We will  
17 have a little more on that as we move  
18 forward.

19 The purpose of that is to recognize  
20 there has been ten years of energy  
21 efficiency work underneath LIPA conducted  
22 here. Prior to that, Long Island Lighting  
23 Company, there was another ten years of  
24 energy efficiency work done in different  
25 areas, different segments, different

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1 P R O C E E D I N G S

2 levels.

3 In 2009, we're moving on with our  
4 Efficiency Long Island Program, a much  
5 larger program than the Clean Energy  
6 Initiative and larger than any energy  
7 initiatives that have taken place on Long  
8 Island at any point in time.

9 It expands upon the experience we  
10 obtained in the CEI. It is taking us to  
11 the next level of efficiency. At least  
12 that's the goal of it.

13 The Clean Energy Initiative, which  
14 wraps up the end of 2008, had total energy  
15 savings, not including research,  
16 development and demonstration, of roughly

17 700 gig hours.

18 The peak demand reduction was about  
19 220 megawatts. That included 50 megawatts  
20 we recognized through a demand control  
21 program, LIPA Edge.

22 We ran a societal benefit cost ratio  
23 of 1.87. That was at the end of 2007.

24 We're in the process of wrapping up  
25 the 2008 numbers and in the report and we

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2 will have that wrapped up at the end of the  
3 year.

4 We introduced Efficiency Long Island  
5 this year. That program is a ten-year  
6 effort that currently is planned to deliver  
7 1,600 gigawatt hours worth of energy  
8 savings in the tenth year.

9 Reduced peak demand by 519 megawatts  
10 and coming out of a total cost of  
11 \$924,000,000.

12 Now, what is probably more important  
13 for purposes of this discussion, this right  
14 here is the results, the slide. I am not  
15 going to go through each and every one.

16 These are the results of the Clean  
17 Energy Initiative for the commercial  
18 sectors.

19 Included in here we have recap, some  
20 of you may be familiar. We had launched  
21 outside Clean Energy Initiative, a separate  
22 resource acquisition program, I believe in  
23 2004.

24 That program was more of a pay for  
25 savings program as opposed to the more

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1 P R O C E E D I N G S

2 traditional utility energy efficiency  
3 savings program that was held through the  
4 commercial construction program.

5 That program is pretty much wrapped  
6 up. Certainly by the beginning of 2010  
7 that program will be total wrapped up. We  
8 may have one or two projects going on that  
9 are of de minimis value.

10 This should give you an idea what has  
11 been achieved in the marketplace that you  
12 would in total -- I didn't have the ability  
13 to segment out the different rate codes  
14 this occurred in.

15 The majority of it would have occurred  
16 in the areas that the Solution Provider  
17 would be operating in. That's managed  
18 accounts and unmanaged 281 accounts.

19 Underneath ELI, here's what we're  
20 planning on doing and these are the way  
21 we're handling the program. What we have

22 done is truncated our program so they are a  
23 little more comprehensive. Or more  
24 comprehensive, but also more streamlined.

25 One of the things we have been

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1 P R O C E E D I N G S

2 finding, while we had launched a bunch of  
3 little initiatives, it became difficult for  
4 customers to understand which silo they  
5 belonged in.

6 what we're looking at is commercial,  
7 new construction program. Existing  
8 commercial facilities program underneath  
9 them are various different initiatives.

10 As you can see up here, pretty much  
11 we're looking under new construction to do  
12 whole buildings as much as we can.

13 On the existing commercial facilities  
14 is where Efficiency Long Island starts  
15 to -- I'll say -- improve upon what we were  
16 doing in the Clean Energy Initiative.

17 Specifically, the Clean Energy  
18 Initiative program was predominantly  
19 focused on new commercial construction  
20 opportunities.

21 The way the incentives were developed  
22 were to support those opportunities. As  
23 time went on, we utilized the incentive

24 structure to try to address the existing  
25 market and retrofit opportunities.

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1 P R O C E E D I N G S

2 In many cases, the incentives really  
3 were not comprehensive enough or geared to  
4 the costs that were associated with  
5 retrofits.

6 As we move into the Efficiency Long  
7 Island Program we're concentrating on --  
8 we're going from a clean energy initiative  
9 where the spending was two-thirds of the  
10 residential market, one-third in the  
11 commercial market, to Efficiency Long  
12 Island, which starts off in that area and  
13 by the end has moved over to about  
14 two-thirds in the commercial market and  
15 one-third in the residential.

16 The commercial market -- to get to the  
17 level of spending, we're expecting a large  
18 penetration into the retrofit area or into  
19 the existing buildings area. That is where  
20 we're going.

21 Last, but not least, we have a  
22 renewables program that is out there. At  
23 this point in time, at the beginning of  
24 this year, we began to expand our  
25 traditional Solar Pioneer Program to now a

1 P R O C E E D I N G S

2 Solar Entrepreneur Program with expanded  
3 limits for solar incentives.

4 We would expect as part of the work  
5 we're looking for underneath the Solution  
6 Provider, while the main focus is going to  
7 be on energy efficiency opportunities, but  
8 also for the provider of those services to  
9 be familiar with this program and be able  
10 to inform our potential customers about it,  
11 where it made sense and where they wanted  
12 to fit it into their opportunities.

13 Now, this Solution Provider we're  
14 expecting, or the Solution Provider as we  
15 had the program structured at this point in  
16 time, would be working in coordination with  
17 three other outside contractors we will  
18 have contracts with.

19 The first is a market channel  
20 coordinator. This RFP was let a while  
21 ago. Proposals have been received back in.

22 what we're looking for there, as it  
23 says here, engage in trade allies and  
24 supply side entities to advance energy  
25 efficient technologies.

1 P R O C E E D I N G S

2 That entity is doing a little more  
3 beyond that. In the commercial segment,  
4 what they are trying to do, make sure we  
5 have as much participation and knowledge of  
6 our programs as we can.

7 Invariably, they will be setting up  
8 opportunities with institutes that range  
9 from distribution houses to eight local AIA  
10 chapters, USGBC, entities such as that.

11 We would expect the Solution Provider  
12 would have their own inroads into that or  
13 their own participation in those major  
14 groups on Long Island, as well.

15 There would be someone who would be  
16 facilitating a lot of these meetings to  
17 begin with so you won't be doing this on  
18 your own.

19 We're looking for the Solution  
20 Provider to be knowledgeable and have  
21 direct leads. In terms of putting together  
22 events, items such as that is something we  
23 expect the market channel coordinator to  
24 handle.

25 Measurement and verification

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1 P R O C E E D I N G S

2 contractors. We will have them out there.  
Page 13

3 They are an important component where we  
4 see Efficiency Long Island going.

5 One of our big efforts in this next  
6 ten-year effort is to have a heightened  
7 attention and effort with respect to  
8 measurement verification and evaluation.  
9 That is probably no different than any of  
10 you are experiencing or seeing in any other  
11 plans you are seeing in New York or outside  
12 of New York. That's really where we're  
13 going.

14 We expect to have them separate. We  
15 will have measurement and verification  
16 contractors out there for purposes of the  
17 Solution Provider role. We'll be looking  
18 both pre and post.

19 It is not going to be each and every  
20 job. It will depend on the size of the  
21 job, depend on some random sampling. They  
22 will be out there.

23 We'll probably need to coordinate  
24 their activity to a certain extent or be  
25 knowledgeable about their activity for the

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1 P R O C E E D I N G S

2 jobs you are working on.

3 Valuation management, what we're going  
4 to be doing in those cases, we have got one

5 we have just issued an RFP. We're in the  
6 process of going through a selection  
7 process to have one contractor doing  
8 complete evaluation of all of our programs,  
9 including process, including other issues  
10 like economic impact, and things like that.

11 Invariably, they will need to  
12 interface with different contractors we  
13 have out there. We have to do certain  
14 sampling. I don't think there is a  
15 tremendous role between the two of them.  
16 You'll be interacting with them, as well.

17 Quickly, I think most of you are  
18 familiar with this. In case you are not.

19 LIPA has a Master Services Agreement  
20 with National Grid. In short, LIPA  
21 consists of roughly 100 employees.  
22 National Grid has a Master Service  
23 Agreement with us underneath which they  
24 provide the labor and implementation for  
25 basically all electrical operations that

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1 P R O C E E D I N G S

2 are out there in field operations, planning  
3 operations.

4 When it comes to efficiency, National  
5 Grid provides the day-to-day management.  
6 They fulfill -- the number of cases they'll  
7 maintain on some of these prime contractors

8 such as measurement and verification will  
9 be through them.

10 Stacey Wagner, who introduced herself  
11 before, would most likely be the person,  
12 her and her team, the Solution Provider  
13 would be interacting with on a day-to-day  
14 basis.

15 In addition to that, for the managed  
16 accounts -- I will get into this in a  
17 couple of slides after -- National Grid  
18 holds the account management function. For  
19 our larger accounts they are our account  
20 managers. They are account managers on  
21 both behalf of LIPA and National Grid.

22 They have a dual function. Their  
23 responsibility includes gas and electric.  
24 Brian Hassan, who is back there, is  
25 representative of that organization.

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1 P R O C E E D I N G S

2 what we're really focusing on here,  
3 the majority of these cases for the  
4 Solution Provider. You'll be interacting  
5 with the major account rep.

6 In the past -- and this drives down to  
7 where we're going here -- in the past what  
8 has happened is for any projects that were  
9 affecting this group, it really fell

10 completely on the shoulders of the account  
11 rep to usher that project through.

12 That was from determining a lead to  
13 staying on top of the customer to ensuring  
14 proper paperwork was filed and no  
15 opportunities were missed.

16 One of the reasons we're doing this is  
17 because we have come to the conclusion, the  
18 account reps have about six different major  
19 functions they are responsible for. There  
20 is no possible way to give 100 percent of  
21 your time towards ensuring each project you  
22 come across is guaranteed success.

23 what we're expecting out of this  
24 Solution Provider RFP is entities or  
25 individuals, a contractor, who will be able

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1 P R O C E E D I N G S  
2 to devote the resources to support the  
3 leads that are developed through the  
4 managed accounts and ensure that all the  
5 opportunities, all the interaction with the  
6 customer, and in many cases some additional  
7 up-selling above and beyond what you are  
8 able to do on a general basis in terms of  
9 recognizing how is the best way to sell  
10 energy efficiency to this particular  
11 customer, is provided to support the  
12 account rep.

13 In short -- my main focus here is  
14 going to be extraordinarily important that  
15 the Solution Provider for all those jobs,  
16 which are with managed accounts, has a  
17 direct working relationship with the  
18 account management team out there.

19 We don't want to have, for the account  
20 managers to be blind-sided walking into a  
21 job, finding the Solution Provider has been  
22 working with this entity for a while.

23 It doesn't mean they are going to be  
24 at each and every meeting, but they should  
25 be cognizant of it. There needs to be a

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1 P R O C E E D I N G S

2 good interaction in scheduling between the  
3 two of them.

4 Brian, I don't see you blinking.

5 Did I miss anything?

6 MR. HASSAN: You said what I was  
7 hoping you would say.

8 MR. ZAWESKI: Here is the primary rate  
9 codes.

10 Rate codes 285 and 281, to alleviate  
11 transcription of that. What you have  
12 inside the paperwork you have, accurately  
13 describes what those rate codes are.

14 A number of you are familiar with our

15 structure and probably know more about them  
16 pretty well already.

17 We have the tariff on-line if you want  
18 to know more about it. Questions will be  
19 entertained at the end.

20 Eligible accounts. We put this table  
21 in here so you can get a handle for roughly  
22 what is out there. What you'll see, you  
23 put the two of these together and there is  
24 roughly about 10,000 accounts in these  
25 market sectors that are managed accounts.

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1 P R O C E E D I N G S

2 In addition to that, look at the  
3 second bullet, there is another 2,300 rate  
4 285 accounts that are unmanaged.

5 We don't have the breakout for how  
6 they are. For purposes of the population  
7 that the solution provider would have, the  
8 total population of accounts to work with,  
9 we're looking roughly around 13,000.

10 Average annual electric usage for rate  
11 281 is 110 megawatt hours, and 285, it's  
12 about 1,000. You are looking at a factor  
13 difference between the two of them.

14 This was in the RFP. You should have  
15 seen all this.

16 For purposes of where we're going, the  
17 way we're structuring the RFPs, we're

18 looking to enter into a three-year contract  
19 with a potential two-year extension after  
20 that.

21 Here are the goals. They are set  
22 out. We have goals for megawatt, megawatt  
23 hours. A comprehensiveness goal that is  
24 discussed in the incentive component of it.

25 I am not going to try to go through

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1 P R O C E E D I N G S

2 this further. It is pretty  
3 self-explanatory. If you have questions at  
4 the end we can go back to it.

5 You can see where these goals come. I  
6 think what the customer rebate budget is at  
7 the bottom. We have established what we're  
8 going to have available.

9 It is not listed in here. It was in  
10 the RFP what we're expecting.

11 We have identified a pool of money.  
12 The Solution Provider will have our  
13 screening tool, and in those interactions  
14 with the customer we will have the ability  
15 to negotiate down from what the maximum  
16 level we have available as screening, as a  
17 screened incentive for the customer.

18 That comes to where this customer  
19 rebate budget is. What we're hoping for,

20 through the expertise the Solution  
21 Providers team can provide.

22 We can achieve the megawatt hour goals  
23 for less than the pool budget. If we're  
24 able to do that, we're proposing a sharing  
25 of the savings that comes out of that.

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2 what we have tried to do after a lot  
3 of discussion over the course of probably  
4 two years was come up with a tariff without  
5 a switch on the other end.

6 The way the contract is structured,  
7 the time materials contract, that comes  
8 along with an incentive if we can reach the  
9 goals.

10 Next, scope of services. Task one,  
11 account management of LIPA customers,  
12 you'll be responsible for pursuing and  
13 promoting implementation of energy and  
14 demand savings opportunities at the  
15 facilities of new existing and new major  
16 accounts customers, as well as other large  
17 customers.

18 We're asking you to do that. You have  
19 to keep the account reps in the loop as to  
20 what is going on.

21 Account management and architecture  
22 engineering and design build firms. You'll

23 be responsible for pursuing and promoting  
24 the integration of energy and demand  
25 savings, design strategies services and

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1 P R O C E E D I N G S

2 technologies into customer construction  
3 projects designed by architectural and  
4 engineering firms.

5 Task number three, important task, you  
6 are expected to be able to provide, whether  
7 it's through you or your sub design  
8 assistance, support and development of  
9 requests for bids, proposals. We want to  
10 make sure you have a team you are managing,  
11 in short.

12 Our commercial construction program  
13 over the past ten years has had technical  
14 advisory firms out there that were  
15 available to the account reps who could  
16 come in, start working with the contractor  
17 at the outset.

18 If someone wanted to start designing a  
19 whole building, a large retrofit project,  
20 we would bring them in.

21 In this case, while we will still have  
22 contracts like that out there to support  
23 the smaller projects you are not going to  
24 be involved in, we're expecting you to

07099conf.txt  
25 bring in your own design teams.

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1 P R O C E E D I N G S

2 Four, acquire cost-effective energy  
3 and demand savings for LIPA. That is the  
4 purpose of the entire effort here. That's  
5 where your goals to provide, ensure  
6 cost-effectiveness on recommended  
7 operations, selling energy efficiency  
8 projects while offering comprehensive  
9 packages to customers pursuing non energy  
10 efficiency resources and ensuring  
11 measurement and verification of claimed  
12 energy and demand savings.

13 Number five, support systems. You are  
14 going to need to be able to maintain some  
15 form of in-house call center to support  
16 activities going to come up from various  
17 customers that will be calling.

18 We don't want to have happen each and  
19 every time a customer has a detailed  
20 question on something that has happened  
21 directly between you they are calling the  
22 account rep or the LIPA business center and  
23 we're going to be the relay between them.  
24 It is not going to get us where we need to  
25 go.

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1 P R O C E E D I N G S

2 Use of energy efficiency data tracking  
3 and contact management systems. Six,  
4 reporting; you'll ensure all the data entry  
5 tasks are completed in a timely fashion  
6 that support development of monthly,  
7 quarterly and annual reports.

8 In addition, ESB will provide monthly  
9 summaries and reports to LIPA to document  
10 performance as set forth below.

11 Task seven, administrative  
12 requirements. You are responsible for  
13 providing all necessary administrative  
14 support.

15 Task eight, support other LIPA energy  
16 efficiency activities. Here we want to  
17 make sure, we are saying you will be  
18 responsible for collecting, maintaining,  
19 providing information sufficient for  
20 purpose of assessing its own effectiveness,  
21 as well as performance of its  
22 subcontractors.

23 A component of this goes into  
24 reporting. In addition to this, what we  
25 expect is that while you are in the field

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P R O C E E D I N G S

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2 you may become aware of other opportunities  
3 or other issues that don't necessarily fall  
4 underneath a particular project but that  
5 you can refer over.

6

7 In some cases they will be back to the  
8 market channel coordinator. We want to  
9 make sure everyone is working as a team.  
10 we think the way the contract is structured  
11 that will allow for it.

11

12 I am expecting we will probably end up  
13 having monthly or quarterly meetings where  
14 we have a representative from the solution  
15 Provider. We have the day-to-day program  
16 management, the program director from over  
17 here. We've got the market channel  
18 coordinator representative in a room we can  
19 sit and say, "Are we missing segments? Are  
20 there things coming up we need to  
21 coordinate better?"

21

22 The same think for photovoltaics.  
23 There may be opportunities are out there  
24 for photovoltaics. We want to make sure we  
25 are not blind to them as we go through.

25

They are not a component of your

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P R O C E E D I N G S

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goal. We want to make sure you don't say,  
3 "That is not my headache. Someone else

4 can handle that."

5 Operational gas efficiency services.  
6 This is an option we want to make sure we  
7 get bids. In the event LIPA decides to add  
8 task nine to the scope of work, the  
9 Efficiency Solution Provider, ESP, would  
10 identify stand-alone gas efficiency savings  
11 opportunities for the specified portion of  
12 the customers.

13 In short here, discussions continue to  
14 go on between LIPA and National Grid  
15 regarding how we may be able to combine our  
16 efforts for true comprehensive projects in  
17 the field.

18 As I mentioned before, most of these,  
19 most of the dual use customers are only  
20 seeing one representative from LIPA and  
21 National Grid and the account manager. It  
22 would be nice if we can come to agreement  
23 between the two of us that would allow us  
24 to treat that customer wholistically as  
25 opposed to two separate entities and two

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1 P R O C E E D I N G S  
2 separate audits and two separate sets of  
3 measures that don't necessarily combine  
4 together.

5 we want to make sure we have the

6 ability to do that through this contract if  
7 the opportunity comes up.

8 we're looking for optional pricing.  
9 what happens if we're able to come to an  
10 agreement, would you be able to carry out  
11 those services to support comprehensive  
12 programs?

13 Lastly, other energy efficiency  
14 solution Provider responsibilities. In  
15 addition to completing the tasks set forth  
16 above, you'll have to adhere to IPMVP  
17 protocol, document and resolve customer  
18 complaints and compliments. We want you to  
19 document them.

20 Coordinate efforts with other energy  
21 efficiency program contractors. Due to the  
22 nature of your responsibilities, it's  
23 important employees and key contractors be  
24 readily accessible.

25 I can't stress that enough. You are

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1 P R O C E E D I N G S  
2 going to be on the Island working with our  
3 customers. We need to be able to reach  
4 someone during business hours. Quite often  
5 they are beyond the nine to five business  
6 hours where items come up with key  
7 customers.

8 Our account reps are generally on call

9 24 hours a day, seven days a week. If we  
10 have something that is going on, in many  
11 cases we need to be able to reach you  
12 outside normal business hours. I don't  
13 think it is going to be generally the case.

14 Performance incentive. Here's a slide  
15 of the performance incentive. We went  
16 through great efforts in the RFP, beginning  
17 on page 40, in Attachment C, to try to  
18 explain how the performance incentive  
19 worked.

20 It is a complex structure. There are  
21 different components that are required of  
22 it. There are certain triggers that come  
23 along.

24 what we tried to do was make sure it  
25 wasn't all or nothing. There is some

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1 P R O C E E D I N G S

2 annual incentives that come into play.

3 There are cumulative incentives.

4 we're looking at megawatts, megawatt  
5 hours and depth of savings. We're looking  
6 at all of those generally triggered by not  
7 exceeding the budget.

8 The last thing I mentioned, there is  
9 an additional component that says if you  
10 reach all this and do it for less than the

11 budget, there is sharing of that savings  
12 from the established budget we have.

13 I don't think trying to explain this,  
14 especially how it is going to come through  
15 the transcript, is going to get us any  
16 farther ahead. We can address questions at  
17 the end.

18 we felt this is an important  
19 component. It is the first time we have  
20 done anything like this with the incentive  
21 at the end of a time and materials  
22 contract. This is the only way maybe we're  
23 going to get there for us.

24 I hand this over to Mr. Standridge.

25 MR. STANDRIDGE: Thank you, Dan.

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1 P R O C E E D I N G S

2 what I am going to talk to you about  
3 is basically some of the more  
4 administrative aspects of the request for  
5 proposal, things like the structure of the  
6 request for proposal.

7 Information we're looking for from you  
8 in your proposal, how we're going to  
9 conduct the evaluation process and that  
10 type of information.

11 This slide basically goes through some  
12 of the information in the RFP that we're  
13 asking to be part of your proposal. This

14 is not a complete list. It relates to  
15 section five in the RFP.

16 Basically, what we have is general  
17 information, cover letter, contact  
18 information, that type of thing. This is  
19 all very self-explanatory.

20 A little history on the proposer's  
21 firm and entity. Experience, we're very  
22 interested in your experience in providing  
23 these types of services in the past to  
24 other clients.

25 we're also very interested in what

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1 P R O C E E D I N G S

2 team you are going to propose to actually  
3 do this work for LIPA and how qualified  
4 that team is.

5 Dan spoke a little earlier about the  
6 scope of work which is also in the RFP in  
7 much more detail than we have here. As  
8 part of your proposal, we're asking you to  
9 tell us, what is your approach for  
10 performing that scope of services, how you  
11 are going to do it, how are you going to do  
12 it well and how it is going to be of value  
13 to LIPA. That is very important.

14 we also want to know what technology  
15 you are going to use. You do have a

16 requirement to interface with some of our  
17 systems. We want you to tell us about  
18 that, as well.

19 Another aspect of this RFP which is  
20 not too typical for LIPA RFPs is that there  
21 is a minority and women owned business  
22 subcontracting goal that is part of the  
23 RFP.

24 what we're going to do, we're asking  
25 you to submit a preliminary plan with your

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1 P R O C E E D I N G S

2 proposal showing how you are going to meet  
3 those goals. The goals are three percent  
4 for minority owned business and one  
5 and-a-half percent for women-owned  
6 businesses. That is an important part of  
7 your proposal.

8 Then we have the cost proposal. With  
9 regard to that, if you go to the RFP  
10 website we have an Excel spreadsheet format  
11 posted there. We want you to put your cost  
12 proposal in that format.

13 The only other thing I want to say  
14 with regard to this and with regard to the  
15 RFP, in general, read the RFP carefully.  
16 Give us all the information that we want  
17 with your initial proposal.

18 Because if you don't, and if your  
Page 31

19 proposal is seriously lacking, we can  
20 determine it to be nonresponsive, which  
21 would mean we would throw it out and you  
22 would not be evaluated.

23 what I tell everyone, read it  
24 carefully. Provide all the information  
25 that we request in your initial proposal.

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1 P R O C E E D I N G S

2 we also -- we have some restrictions  
3 with regard to how much we can go back to  
4 you and ask you to submit stuff you should  
5 have submitted initially.

6 Next item, standard consulting  
7 agreement, and this is just a brief  
8 overview.

9 we're in the process of finalizing  
10 what is going to be our proposed terms and  
11 conditions for the resulting agreement.

12 As we discussed a little bit before,  
13 the contract term is going to be five  
14 years; more specifically, it is actually  
15 going to be a three-year initial term with  
16 a LIPA option to extend for up to an  
17 additional two years. They are going to be  
18 standard terms which you are familiar  
19 with.

20 Termination, we have a right to

07099conf.txt

21 terminate for convenience.  
22 Assignment provisions, certainly any  
23 resulting contract is going to require the  
24 approval of the New York State Attorney  
25 General and the Comptroller before it

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2 becomes effective.

3 We expect to have the agreement posted  
4 on our website within the next few days.  
5 Keep your eye on the website and for that  
6 document.

7 Another thing I wanted to point out,  
8 the RFP does ask you to either tell us  
9 whether you accept our terms and conditions  
10 as they are or if you don't, if there are  
11 provisions you take exception to or there  
12 are proposed different provisions.

13 In your proposal we want to  
14 specifically know what you are taking  
15 exception to, and if you are proposing  
16 additional language we want to know what  
17 that additional proposed language is.

18 This is one of the things we're  
19 evaluating as part of the evaluation  
20 criteria.

21 we're going to talk about the  
22 evaluation process and evaluation criteria  
23 we're going to use to evaluate and score

24 the proposals we receive.

25 Like we do for all RFPs, we have

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1 P R O C E E D I N G S

2 developed a selection committee for this  
3 who is going to be responsible for  
4 reviewing the proposals. The selection  
5 committee will make its recommendations to  
6 LIPA's board. Right now, we anticipate  
7 doing that at the September board meeting.

8 You'll see this in the RFP. This  
9 section relates to section seven in the  
10 RFP. We have qualitative and quantitative  
11 evaluation criteria we're going to review  
12 the proposals against.

13 The first thing we do, we look at the  
14 proposals to determine basic format and  
15 content.

16 Is it a responsive proposal?

17 Are you giving us the information we  
18 want?

19 Then we have the evaluation criteria  
20 we're going to use to evaluate proposals we  
21 determine to be compliant.

22 we also have the right to short list,  
23 conduct interviews, site visits if we want.

24 There are also a number of required  
25 forms that we posted on the RFP website we

1 P R O C E E D I N G S

2 do want completed with your proposal.

3 Those are up there, New York State  
4 vendor responsibility questionnaire,  
5 certifications, and things like that. we  
6 think that is pretty self-explanatory.

7 we're going to evaluate your proposal  
8 in accordance with the criteria stated in  
9 the RFP, and we'll get to that in a  
10 second.

11 we're going to look at your proposed  
12 costs, responsiveness of how you plan to  
13 conduct the scope of services for us.

14 we're going to look at your relative  
15 experience in providing this type of work.  
16 we're going to look at your ability to have  
17 a local presence and the responsiveness of  
18 that, of your staff.

19 we're going to look at the  
20 comprehensiveness, overall, of the scope of  
21 services and how you intend to perform the  
22 scope of services for LIPA, and also take  
23 into account how flexible we think you may  
24 be in adapting to changing program needs.

25 Acceptance of LIPA's form of contract

1 P R O C E E D I N G S

2 and overall responsiveness of your proposal  
3 to the information we ask for in the RFP.  
4 we're going to make an assessment of your  
5 ability both to interface with our systems  
6 and as well as the capabilities of your own  
7 in-house systems.

8 Then we're going to look at  
9 creativity, innovation and really look at  
10 all these things in terms of trying to  
11 determine who we think is best qualified to  
12 perform the work.

13 This section we're going to talk about  
14 communications during the RFP process.  
15 There are a couple of things I want to  
16 point out.

17 Communication during the RFP, we  
18 actually left something off here. The main  
19 means of communication between you, the  
20 proposer, and LIPA for the RFP process is  
21 really the RFP website.

22 what we would tell you is please look  
23 at the website often. If there are any  
24 changes to anything to do with the RFP  
25 we're going to post that information on the

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1 P R O C E E D I N G S

2 RFP website.

3 As you know, we invite you to ask  
4 questions, and one of the reasons we're  
5 hosting this conference, we want to give  
6 you an opportunity to ask questions.

7 what I would tell you is that you can  
8 ask questions. Our answers are preliminary  
9 in nature. I would encourage you to submit  
10 any other questions you have in writing to  
11 us via the fax number provided in the  
12 website.

13 what we're going to do, we can answer  
14 all the questions we receive and we will  
15 post those questions and answers on the  
16 website as we receive them.

17 Other than that, you have the website,  
18 you have the ability to fax us questions.

19 Right now, the deadline for submission  
20 of questions is July 16th. If there is any  
21 change to that, we'll post that on the  
22 website.

23 The RFP also names specific named  
24 contacts at LIPA who you can also contact,  
25 and those contacts are Dan, myself and

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1 P R O C E E D I N G S

2 Randy Spitzer and Bill Funk.

3 The performance of this is just we put  
4 those name contacts in there pursuant to

5 New York State legislation, antilobbying  
6 legislation.

7 I would suggest if you have any  
8 questions regarding anything, even though  
9 you may know maybe Stacey or Brian, that  
10 you don't contact them.

11 If you did and it could be construed  
12 as an attempt to influence the RFP, that  
13 would be an impermissible contact. We  
14 would be required to do some type of  
15 follow-up on that.

16 Please follow what the RFP says with  
17 regard to the named contacts. All contact  
18 information is in the RFP.

19 I want to go over the current target  
20 schedule for the RFP. It was issued on  
21 June 30th. Today, July 9th, is the  
22 Proposers' Conference. We thank you for  
23 taking the time to come.

24 Tomorrow, July 10th, we're asking that  
25 you submit us a notice if you intend to

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1 P R O C E E D I N G S  
2 propose. That is not a hard date.

3 You do not need to submit a notice of  
4 intent to propose in order to propose. It  
5 is a courtesy we ask of you. You can  
6 submit it after the 10th. That is a date

7 we have there.

8 Current deadline for submission of  
9 questions is July 16th. Proposal due date  
10 is July 31st. As we mentioned before, our  
11 target schedule has us making our  
12 recommendation to the September 2009 board  
13 of directors meeting currently scheduled  
14 for September 24th.

15 We hope to have the contract executed  
16 and approved by the end of December so the  
17 contractor can start its services on  
18 January 1, 2010.

19 Submission of proposals, we're asking  
20 for eight bound copies of your proposal,  
21 one CD of your proposal.

22 It has got to be sent and, basically,  
23 it has to get to us by three p.m. on July  
24 31st.

25 If it gets to us after that date we

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1 P R O C E E D I N G S

2 cannot accept it. We'll return it to you  
3 with a nice letter. It's important it gets  
4 to us.

5 Please direct your proposal to Dan.  
6 That information is in the RFP, as well.

7 That is our presentation. We're going  
8 to open it up now for any questions that  
9 you may have. And what I would ask, that if

10 you have questions, please state your name,  
11 the name of your firm, so the court  
12 reporter can get that information.

13 we will do our best to answer any  
14 questions.

15 MR. ZAWESKI: This could be a sign we  
16 did a really good presentation.

17 There are no questions?

18 Yes, sir?

19 MR. MOORE: John Moore with Carrier.

20 Two questions.

21 You had indicated you were looking for  
22 three similar projects. There are nine  
23 task categories in the RFP.

24 You are looking for three projects for  
25 each category?

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1 P R O C E E D I N G S

2 MR. ZAWESKI: Bear with me, one  
3 second.

4 I'm sorry, because I should be able to  
5 answer this.

6 When you are asking that question, you  
7 are asking out of a segment of the RFP  
8 itself?

9 MR. MOORE: I am referring to power  
10 point, generally.

11 MR. ZAWESKI: Where in the power

12 point?

13 MR. MOORE: Page 16.

14 MR. ZAWESKI: No.

15 what we were looking for there is  
16 three projects similar to what we're  
17 asking, three jobs you may have worked on  
18 where you provided services similar to what  
19 we're asking here.

20 I noted at the outset, this is  
21 somewhat of a unique RFP in the way we're  
22 structuring it. I don't think the services  
23 are completely unique.

24 what we're looking for is just three  
25 examples where you can tell us where "we

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1 P R O C E E D I N G S

2 did this here, we did this here, we did  
3 this here. We think the services we're  
4 providing there are representative of what  
5 we would be providing under this RFP."

6 It is not per task, just three  
7 representative examples where you have done  
8 similar work to this.

9 MR. STANDRIDGE: It is generally  
10 something that is going to allow us to  
11 assess your previous experience doing  
12 these -- maybe not in this exact form, but  
13 the basic type of work. How much of that  
14 you have done previously.

15 MR. MOORE: One follow-up question.  
16 Pretty aggressive submission  
17 schedule.

18 Do you have any flexibility on that?

19 MR. ZAWESKI: We need to consider it.

20 I will be honest with you, the reason  
21 for the submission schedule is because of  
22 our procurement requirements.

23 Unlike many other entities, some of  
24 you work with NYSERDA, or the New York  
25 Power Authority, they don't have the

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1 P R O C E E D I N G S

2 requirement where the contract they enter  
3 into has to be approved by the New York  
4 State Office of the Comptroller.

5 They can take up to 90 days. They  
6 actually can take more than that if they  
7 get into a question and answer period on  
8 the procurement.

9 In order to have the contract in place  
10 where you have people on the ground in the  
11 beginning of January, this is kind of the  
12 date we had to have.

13 If we were to extend the date, what  
14 would most likely happen, the start date  
15 where you actually had a binding contract  
16 that the Comptroller had authorized would

17 move out on a day-to-day basis.

18 If we extended it by another two or  
19 three weeks you may not be starting until  
20 the middle of January.

21 That takes us to questions, we're  
22 probably going to have to get into  
23 discussions as to how incentive works. The  
24 incentives are set up on an annual basis.  
25 That is the reasoning behind this.

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1 P R O C E E D I N G S

2 we recognize the schedule is tight. I  
3 would prefer not to have to change that  
4 around.

5 At the same time, if we got comments  
6 back from everyone saying, "There is no  
7 possible way for us to put together  
8 proposals to support this," after we looked  
9 at this, we don't think it is a big deal we  
10 start a few weeks late, we can prorate  
11 things through there. It is stuff we would  
12 consider.

13 MR. APPELBAUM: Bruce Appelbaum, ICF  
14 International.

15 Two questions.

16 Can you tell us how many account  
17 representatives National Grid is currently  
18 fielding to handle the 281, 285 accounts?

19 MR. ZAWESKI: How many?

20 MR. HASSAN: Ten.

21 MR. APPELBAUM: I want to confirm on  
22 the pricing. You are asking us to price  
23 this out for the full five years?

24 MR. ZAWESKI: We're asking you to  
25 price it out for the full five years.

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1 P R O C E E D I N G S

2 We're going to want to see pricing on an  
3 annual basis. Leveling of efforts on an  
4 annual basis.

5 Yes, you should expect when we earned  
6 or signed the contract -- Mike, tell me if  
7 I am getting out of bounds -- signing a  
8 contract that would say here's the contract  
9 for three years, embedded in here is an  
10 extension for another two years at LIPA's  
11 option. We would have pricing for five  
12 years inside the contract.

13 MR. APPELBAUM: Is there an  
14 opportunity to renegotiate the second two  
15 years if things change after the first  
16 three?

17 MR. STANDRIDGE: Basically, the basic  
18 answer to that is no, unless there was some  
19 material change to the requirements.

20 In other words, there were material  
21 changes to the scope of work. We either

22 wanted to increase the scope of work or  
23 decrease the scope of work.

24 It is as it is set up right now, we do  
25 not envision any negotiation of that

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1 P R O C E E D I N G S

2 two-year period. We're going to evaluate  
3 the pricing for that two-year period in  
4 terms of the overall proposal evaluation.

5 MR. HASSAN: Brian Hassan,  
6 H-A-S-S-A-N.

7 There are eleven account executives, not  
8 ten.

9 MR. ZAWESKI: Yes, sir.

10 MR. RAINONE: R-A-I-N-O-N-E, John.

11 On page 38 of the RFP, attachment  
12 eight, "see attached file" it says. "ESP  
13 contract, dot, dot."

14 Is that what you alluded to in the  
15 presentation that is going to be posted on  
16 the website?

17 That wasn't included?

18 MR. STANDRIDGE: That's right. That's  
19 going to be the formal contract.

20 MR. RAINONE: The agreement is the  
21 contract?

22 MR. STANDRIDGE: Correct.

23 MR. GOLDNER: Fred Goldner, Energy  
24 Management Free Research Associates.

25 You made mention of the VP, made  
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1 P R O C E E D I N G S

2 mention of IPMVP and the mention of a  
3 separate M&V contractor. A couple of  
4 questions in that regard.

5 who will be responsible for developing  
6 the M&V plan, the contractor under this RFP  
7 or winner of this RFP or the M&V  
8 contractor?

9 MR. ZAWESKI: At first blush, if we  
10 change from this, we'll go back in and  
11 repost it.

12 I would expect the M&V contractor to  
13 be generally developing the M&V plan. I  
14 would expect them for more complex jobs to  
15 be developing it in coordination with the  
16 Solution Provider.

17 MR. GOLDNER: May I make a general  
18 comment in response to that?

19 The auditor or the analyst has spent  
20 more time thinking about the building, how  
21 it uses energy, how the energy efficiency  
22 measures are going to affect that, and  
23 anyone else, it would seem to me that, or  
24 it's generally recognized that the person  
25 who does the audit is the best one to write

1 P R O C E E D I N G S

2 the M&V plan. You can have someone else  
3 carry it out.

4 Getting back to proposing on this,  
5 that then affects the budgeting and the  
6 costs we're going to put into any proposals  
7 here. I would suggest that needs to be  
8 clarified so you are comparing apples with  
9 apples.

10 We suggest the way we're doing it,  
11 someone else doesn't, and then --

12 MR. ZAWESKI: We'll give you a  
13 definitive answer back on that.

14 While I agree with you, I think the  
15 auditor has the best idea of the  
16 assessments of the building, the way the  
17 building is going to operate.

18 My concern, if they are developing the  
19 plan and they are basically handing a plan  
20 over to M&V contractor. We have an  
21 incentive mechanism out there. I want to  
22 make sure the M&V contractor has final say  
23 on the best way to do that. There could be  
24 a conflict of interest.

25 MR. GOLDNER: I agree, for the most

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2 part.

3 Has that M&V contractor been selected?

4 MR. ZAWESKI: We have M&V contractors  
5 right now. We would probably have them in  
6 place for a period going into 2010.

7 We're in the process of developing and  
8 issuing the RFP. This will go through  
9 National Grid. It will go through pretty  
10 fast -- maybe not that much faster. I take  
11 that back.

12 That should be coming out in the next  
13 month or two.

14 MS. WAGNER: A couple of weeks.

15 MR. GOLDNER: What length of M&V are  
16 you looking for? Is it like the Jersey  
17 standard offer, every year it needed to be  
18 rectified, or are you doing short-term?

19 MR. ZAWESKI: It will be a multiyear  
20 agreement.

21 Are you asking -- what length of M&V per  
22 project are we looking at?

23 MR. GOLDNER: Yes.

24 MR. ZAWESKI: It is wholly dependent  
25 upon the project. I don't think we're not

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2 going to follow the Jersey plan.

3            Depending what gets sorted out through  
4 efficiency portfolio standard hearings in  
5 New York State, if there is an agreed upon  
6 overall protocol and practice we'll very  
7 likely adopt that.

8            I don't think that is finalized yet.  
9 The last I knew it wasn't. There has been  
10 a lot of discussion. It is wrapped up  
11 between evaluation and M&V.

12           Yes, sir?

13           MR. MERNICK: Mike Mernick,  
14 M-E-R-N-I-C-K, ICF.

15           A question relative to marketing and  
16 communications.

17           Periodically you need to develop-test  
18 materials, outreach to support this  
19 initiative.

20           would you see that being carried out  
21 due to the T&M rate structure or a separate  
22 stand-alone marketing budget?

23           MR. ZAWESKI: That's a good question.

24           As we have seen it, we would expect  
25 that we would want the Solution Provider to

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1            P R O C E E D I N G S  
2 work with us on a marketing plan, for lack  
3 of a better word. To give us some input.  
4            we're going to retain final control  
5 over it. we'll probably do all the

6 placement, all the printing, all the  
7 brochures -- creative components of it.

8 Other than I think some -- as part of  
9 a sit-down meeting where we're saying what  
10 we're finding in the field, here's where I  
11 can see something coming back, for example,  
12 your crew comes back, what is really of  
13 interest in these components, the hot  
14 market is this.

15 The way we have been marketing it, we  
16 haven't been hitting it. If we're going to  
17 place real advertising in the field we  
18 would bring in the input, develop it  
19 through the same means we develop all the  
20 rest of the stuff and get it out there.

21 You wouldn't have to worry about  
22 creative, pricing or any of the rest of  
23 that. There will be, I am going to say,  
24 other components of marketing.

25 I am expecting you probably would be

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2 coordinating with a market channel  
3 coordinator, so there is an AIA meeting, or  
4 something like that.

5 You may have one representative there,  
6 someone you know how your team is  
7 interacting. You have a pretty good

8 coordination. I don't see that being a  
9 major cost item.

10 Anything else?

11 (No response.)

12 MR. ZAWESKI: We have one item we need  
13 to get back to you definitively on, that is  
14 how the M&V is going to be handled, what  
15 exact role we expect for you to play in  
16 that M&V so you can accurately price out  
17 that role.

18 MR. GOLDNER: One other question.

19 You talked about the current rebates  
20 or incentives -- I don't remember the  
21 terminology -- being determined by some  
22 tools that you have.

23 MR. ZAWESKI: Yes.

24 MR. GOLDNER: Do we or can we get  
25 access to at least view those tools so we

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2 have an idea what those look like since  
3 we'll be working with them and what kind of  
4 levels of incentives those are coming up  
5 with, if we were to run some sample?

6 MR. ZAWESKI: Let me look into that  
7 and let you know.

8 Right off the bat I am not so sure we  
9 would give you access to it. What we may  
10 be able to do, so you have the ability to

11 understand what a typical transaction or a  
12 typical input would require.

13 MR. STANDRIDGE: Are there any other  
14 questions?

15 (No response.)

16 MR. STANDRIDGE: If not, on behalf of  
17 LIPA, I want to thank you for coming.

18 we look forward to receiving your  
19 proposals, and when we ultimately get the  
20 transcript from this Proposers' Conference  
21 we will post that on the RFP website.

22 we'll post the attendance list from  
23 today on the RFP website. If anyone has  
24 not already signed in, please make sure you  
25 do it on the way out.

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2 You are also free to submit questions  
3 to us as indicated in the RFP.

4 Thank you very much.

5 MR. ZAWESKI: Thank you all.

6 (Time noted: 11:08 a.m.)

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16 set my name this 16th day of July  
17 , 2009.

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LINDA CAFFERA

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