LARGE SCALE SOLAR IMPLEMENTATION APPROACH

SOLUTION OVERVIEW
Mercy Housing is working to create a more humane world where poverty is alleviated, communities are healthy, and all people can develop their full potential. Mercy Housing believes that affordable housing and supportive programs improve the economic status of residents, transform neighborhoods, and stabilize lives. The organization has served more than 152,000 individuals to date by developing, financing, and operating affordable, program-enriched housing for families, seniors, and people with special needs.

Mercy Housing is committed to being a responsible steward of the earth, which motivated the creation of its environmental sustainability program called Green Hope. This program was designed to reduce Mercy Housing’s consumption of natural resources, minimize waste, and create healthier living environments for residents. Green Hope guides all aspects of the organization’s operations, from designing, building, and rehabilitating properties, to encouraging sustainable office practices, property operations, and resident services.

Mercy Housing has made several external commitments as part of its sustainability efforts, one of which was its Renew300 commitment to install 1MW of solar power and 30,000 therms of solar hot water heating across its building portfolio by 2020. Renewables installation will reduce utility expenses, provide Mercy Housing with a long-term horizon of predictable energy costs, and decrease the generation of greenhouse gases associated with powering its properties.

To meet its solar production goals, Mercy Housing needed to issue an RFQ for solar procurement. Although the organization was well positioned for a vendor to evaluate its portfolio and install solar, it lacked the internal institutional knowledge to develop an RFQ, evaluate respondents, and negotiate the terms of the contractual agreements. The technical assistance provided by the U.S Department of Housing and Urban Development (HUD) guided Mercy staff through this process and built the organization’s capacity to evaluate future opportunities.

ORGANIZATION TYPE
Affordable Housing

BARRIER
Desire to implement large scale solar across affordable multifamily housing portfolio without the internal expertise to solicit and evaluate potential contractors

https://betterbuildingssolutioncenter.energy.gov/implementation-models/large-scale-solar-implementation-approach
For more information, visit https://betterbuildingssolutioncenter.energy.gov
SOLUTION
U.S Department of Housing and Urban Development’s Renew300 Technical Assistance provided expertise and built Mercy Housing’s capacity to solicit, evaluate, and select a contractor and negotiate contract terms

OUTCOME
Solicitation, selection, and negotiation with third-party full service solar provider under a three-year, national partnership agreement with plans to implement up to 5.5 MW of solar power across Mercy Housing’s national portfolio

PROCESS
Mercy Housing has a long commitment to sustainability. Prior to committing to Federal Renewable Energy Target (Renew300), Mercy Housing had evaluated opportunities for solar installation in its California portfolio under a Section 4 grant administered by Enterprise Community Partners. Mercy Housing currently has about 40 PV projects across its portfolio of nearly 300 properties.

Mercy Housing officially joined HUD’s Renew300 program in 2015, committing to installing 1MW of solar power and 30,000 therms of solar hot water heating by 2020. As part of this commitment, Mercy Housing applied for HUD technical assistance to draft and release a solar RFQ. Mercy Housing’s TA Provider, ICF, began the process by understanding Mercy’s goals and challenges and visiting four representative sites in November of 2015. The TA Provider captured and evaluated data from these sites and packaged them together with relevant site characteristics to provide to potential bidders, saving Mercy Housing the time commitment associated with coordinating on-site visits by bidders during the RFQ process.

Mercy Housing then worked with its TA provider to prepare the overall RFQ (see HUD’s Solar RFP Toolkit for an updated template) using a development partnership approach that included a tailored selection process. Potential bidders were provided with a series of addenda including solar system specifications, energy usage details, data and pictures from on-site visits, and templates for submitting performance and pricing.

Mercy Housing released its RFQ seeking a partner who would develop at least eight California solar projects in 2016, followed by solar installation at as many viable sites as possible nationally through 2018. To assist potential bidders in meeting the requirements of its RFQ, Mercy Housing and its TA provider hosted an optional webinar soon after releasing its RFQ. Attendance was anonymous. The webinar described Mercy Housing’s existing solar installations, its new national development goal, and the four California sample sites from the RFQ.

Mercy Housing received several qualified responses to its RFQ, which it evaluated based on the bidders’ organizational capabilities, experience with multifamily and affordable housing projects, solar partner development approach, costs and potential savings, technical viability, and quality. Mercy Housing interviewed the top RFQ respondents and worked with its TA provider to review the proposals and interviews for market best practices and to standardize pricing and performance

https://betterbuildingssolutioncenter.energy.gov/implementation-models/large-scale-solar-implementation-approach
For more information, visit https://betterbuildingssolutioncenter.energy.gov
forecasts across bidder proposals.

Mercy Housing selected its solar development partner based on this process and has an agreement in place to begin site selection and Power Purchase Agreement negotiations, with plans to install up to 5.5 MW of solar energy across its building portfolio.

OUTREACH
Mercy Housing invited a variety of potential developers to respond to its RFQ to ensure it was attracting high quality partners that would match its needs. In addition, Mercy wanted its RFQ to be attractive to bidders due to limited developer bandwidth, expiring investment tax credits, and the relatively small scale of the installations.

During the site evaluation process, Mercy Housing engaged with their individual property managers to gather site data and keep them informed about the project and its potential benefits. As stated above, Mercy Housing hosted an optional webinar with its TA Provider that was open to all potential bidders to provide an overview of the RFQ process and allow for a Question & Answer session. Upon completing contractual negotiations, Mercy Housing prepared a press release to announce its partnership with the selected solar provider.

TOOLS AND RESOURCES
At the conclusion of Mercy's TA experience, HUD recognized a need to expand the RFQ template created for Mercy into a resource that could be used by many types of organizations and developed a Solar RFP Toolkit. The Toolkit includes an introduction, instructions, RFP template (with six attachments), and a sample completed RFP template. See below for resources and tools that Mercy used in its RFQ process:

Tools created for Mercy

- Informational webinar for potential solar bidders
- RFQ Evaluation Matrix

Additional resources

- Solar Investment Tax Credit
- HUD's Renew300 Technical Assistance

OUTCOMES
Mercy Housing successfully solicited solar proposals, selected a national development partner, and negotiated a contract with a national solar development company. Mercy Housing relied on technical experts through its Renew300 TA, which simplified the RFQ process for its employees and built its capacity to solicit and contract solar providers in Power Purchase Agreement scenarios. Mercy Housing is negotiating the final details of its contract, but plans to develop up to 5.5MW of solar in the next three years, with the hope that it will be able to continue to increase installation in years.
following the current contract period.

**MEASURING SUCCESS**
Mercy Housing’s goal in completing this TA was to successfully negotiate a contract with a solar development company to install solar across its building portfolio and meet its energy production goals. After installation, Mercy will measure its success using metrics such as the amount of solar MW installation in various time frames, the energy performance of the solar panels, cost savings, and reduction in greenhouse gases.

https://betterbuildingssolutioncenter.energy.gov/implementation-models/large-scale-solar-implementation-approach
For more information, visit https://betterbuildingssolutioncenter.energy.gov