

Best Practices for Selecting an ESCO

The RFQ has been issued, the ESCOs have submitted their proposals... now what? The best practices that follow may be helpful in selecting which ESCOs to include on your pre-qualified list.

Use the DOE Evaluation Workbook

(https://energy.gov/sites/prod/files/2014/06/f17/rfq_pre-qualify_escos_evaluation_workbook.xlsx)

- Evaluation criteria are already tailored to match the DOE RFQ Template
- Accommodates up to 10 Evaluators and 10 ESCOs
- Handles both the Proposal Review and the Interviews
- Simplifies the process of collecting scores from Evaluators
- Results are compiled automatically to save time and avoid transcription errors

Choose Evaluators Carefully

- Evaluating ESCO proposals is a major commitment of time – at least one to two hours per submittal, plus an hour each for any follow-up interviews. Each Evaluator has to review every proposal and participate in every interview to avoid biasing the results (e.g., some people score more generously than others). When inviting people to be Evaluators, explain the time requirements, and don't push if there is a reluctance to commit.
- Consider inviting people who have a stake in the outcome, such as local government entities who are interested in ESPC or utility energy efficiency managers.
- Try to invite people who have some basic understanding of ESPC.
- Avoid inviting people who might have a bias or conflict of interest.
- You'll want to be confident that at least three to four Evaluators are fully engaged and have the time to deliver their evaluations and participate in any follow-up interviews.

Proposal Review

- Allow time for review – probably two to three days for each proposal.
- Send reminders during the review period. Given two weeks for reviews, busy people will often wait until the second week to get started. Prompt people to review the first proposal ASAP so they can get a feel for how long to allow for the rest (and because taking the first step is often the hardest).

- Remind Evaluators to note their questions in the Workbook as they go through each proposal. These questions will serve as the basis for the Interviews.

Interviews

- Which ESCOs should you interview? That depends. Are some ESCOs' proposal scores so low that even an outstanding interview is unlikely to change your decision? If so, and if there are a large number of ESCOs to interview, it may make sense to omit those low-scoring ESCOs from the interviews. In general, however, it may be prudent to give every ESCO the chance to interview.
- Should you conduct interview in-person or by phone? This also depends. Phone interviews can generally be scheduled more quickly, because travel is not required, and more people can attend. On the other hand, in-person meetings may provide a slightly better feel for the key players. A combination approach, inviting the key one or two ESCO people to meet in person while others join by phone, can be an effective compromise.
- Who should attend the interviews? On your side, you will want all the Evaluators who returned scores for the proposals. Others from your side may also attend, but you'll only want scores from the Evaluators who scored the proposals (the scores from the interviews need to reflect a full grasp of both the proposals and the interviews). From the ESCO side, you'll want at a minimum the person who oversees the ESCO's activities in the state, plus one person who would serve as a project manager. You can leave other attendees to the ESCO's discretion, or limit it to three or four. If they all respond to every question, this may not allow you to get through all your questions, but it may also give you some insight into how sensitive they are to your needs and time.
- Scheduling interviews can be a challenge. It is best to send an interview invitation to each ESCO with a specific date and time that works for you and your team, and then be prepared to reschedule if the ESCO cannot make that time work. An hour for each interview should be sufficient. Include an agenda.
- Schedule at least 30 minutes between interviews, to allow for interviews that go a few minutes long, for discussion afterwards, and to avoid overlap between ESCOs. This is especially important if using a conference line where the next ESCO might call in early while the previous interview is still wrapping up.
- Should you ask each ESCO to present a summary of its proposal? Again, it depends. Are presentation skills an important qualification? If not, the proposal will have already included a summary, and the interview time may be better used for asking questions and probing the details of the proposal.
- If there are important questions you want to ask of every ESCO, it may be helpful to share these questions with the ESCOs in advance so that they have time to prepare well thought-out answers.

- In addition to the detailed questions prompted by each ESCO's proposal, general questions that can provide useful insights include:
 - What would your clients say sets you apart from other ESCOs?
 - Describe the most recent instance where you ran into a significant problem on a project and explain the process you went through to resolve it with the client.
- Pay attention to how much time each ESCO spends talking versus listening. Do they ask clarifying questions? Include time on the agenda for the ESCO to ask questions, and note whether they take advantage of the opportunity. Is the ESCO interested in dialogue, or just talking?

Selection

- The Evaluation Workbook compiles the scores and rankings from the proposals and the interviews separately. If there are significant differences between the two, more weight should be given to the interview scores and rankings, as they reflect a more complete picture after considering both the proposals and interviews.
- If some of the ESCOs may not be qualified, where do you draw the line? One approach is to look for an obvious gap in the scores and draw the line there. Another approach is to draw the line at some pre-determined number. It is important to try to reach consensus among the Evaluators, especially if the decision is a difficult one.

Notification

- Out of respect for the ESCOs and the effort they put into their proposals, take time to craft an appropriate notification e-mail and send it out promptly. For those ESCOs selected to the pre-qualified list, discuss what comes next. Those not selected will be disappointed; it is prudent to offer them the opportunity for a debrief call. A call is preferable to a written explanation because it gives them the chance to ask questions in real time.