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July 28, 2015

VIA EFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: Act 129 Energy Efficiency and Conservation Program Phase III
Implementation Order; M-2014-2424864**

Dear Secretary Chiavetta:

In accordance with the Commission's Act 129 Phase III Implementation Final Order, entered June 19, 2015, in the Energy Efficiency and Conservation Program proceeding at Docket No. M-2014-2424864, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively "the Companies") submit for Commission Staff review and approval the proposed Request for Proposal ("RFP") process.

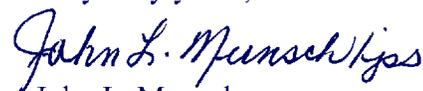
The following major subjects are addressed in the Companies' RFP process:

- Compliance with Act 129 and the Commission's Implementation Order;
- Soliciting Conservation Service Provider (CSP) bids;
- CSP bid evaluation; and,
- CSP contract award/execution.

The Companies respectfully request that the Commission Staff promptly issue a Secretarial Letter approving the RFP process so the Companies may continue to proceed with the RFP process and contracting with Conservation Service Providers in a timely fashion.

Please contact me with any questions regarding this matter.

Very truly yours,


John L. Munsch
Attorney

Enclosure

cc: Office of Consumer Advocate
Office of Small Business Advocate
Bureau of Investigation and Enforcement

FIRSTENERGY PENNSYLVANIA UTILITIES
PROCEDURE FOR AWARDING CONTRACTS TO PA ACT 129
CONSERVATION SERVICE PROVIDERS

07/28/15

Effective Date: TBD upon PUC approval

Met-Ed, Penelec, Penn Power and West Penn Power
Conservation Service Provider (CSP)
Competitive Bidding Process

1. FirstEnergy Pennsylvania Utilities (FE PA Utilities) shall follow all requirements of PA Act 129, the Pennsylvania Utility Commission's (PUC) Act 129 Implementation Order for the applicable Energy Efficiency & Conservation (EE&C) Phase, and the PUC's CSP Implementation Order for the applicable EE&C Phase. Specific requirements of the CSP process will include, but are not limited to, the following:
 - a. FE PA Utilities shall contract with one or more CSPs to implement all or part of the EE&C Plan as approved by the Commission.
 - b. The RFP will be issued to all qualified registered CSPs using the current posting of the CSP register on the PUC's website.
 - c. The RFP will encourage participation in the RFP by disadvantaged businesses.
 - d. Any CSP that is affiliated with any Pennsylvania EDC will not be considered.

2. Soliciting CSP Bids
 - a. An Electric Distribution Company (EDC) CSP selection team will develop a calendar of events to include the following as necessary:
 1. RFP Issue date
 2. Vendor question and answer session date
 3. Response date and time
 4. Date of award decision
 5. Submission of final contract to commission staff prior to execution
 - b. FE PA Utilities will competitively bid all CSP contracts in accordance with the PUC Act 129 Implementation Order
 - c. The RFP will be issued through the FirstEnergy Supply Chain Department and all responses will be received by the Supply Chain Department.
 - d. The RFP will be issued to all qualified registered CSPs using the current posting of the CSP register on the PUC's website and on a review of market participants who are not yet registered on the CSP bidder list but perform work specified in the RFP scope of work. Some criteria will include:
 - i. Any CSP that is affiliated with any Pennsylvania EDC will not be considered.
 - ii. Encourage participation in the RFP by disadvantaged businesses.
 - e. The RFP will include, but not limited to, the following
 - i. Bidders' instructions. This includes instructions for submitting the bid, information required to be provided with the bid, pricing structure and breakdown, identifying exceptions, bid due dates, certification that CSP is not affiliated with any Pennsylvania EDC, disclosure of potential conflicts of interest.
 - ii. Scope of work. This includes the work to be performed by the CSP, schedule of key activities, list of deliverables, technical and administrative requirements, quality assurance, monitoring progress and progress reporting, project documentation, how to measure performance, how to track quantities of service or products delivered and associated true-up procedures, how to identify and contact potential customers, processes for resolving customer disputes, etc.

- iii. Terms and Conditions. This includes legal terms and conditions such as contract duration, regulatory requirements, compensation structure including incentives and penalties, compliance, indemnification, contract dispute resolution process, qualifications & experience (PUC and additional requirements by FE PA Utilities), insurance, criminal and background checks, customer privacy requirements, requirement for PUC approval of Contract, warranty, payment terms, non-compliance, breach of contract, remedies, cancellation, contract modification (by FE PA Utilities or by PUC if programs are changed or canceled), certification that CSP is not affiliated with any Pennsylvania EDCs, disclosure of conflicts of interest (the contract will include specific examples to be avoided).

3. CSP Bid Evaluation

- a. Only the proposals received in response to the RFP by the established deadline will be considered.
- b. The EDC CSP selection team will identify appropriate selection criteria along with the weighting of factors that will be used. Examples of such criteria include, but are not limited to:
 - i. Quality/Technical - *30-70%. This includes;
 - 1. Technical soundness of the bidder's stated approach; Credibility of the proposed approach and techniques to be used
 - 2. Quality of work plan and ability to meet the required schedule
 - 3. Consultant approach to obtaining information and presenting recommendations
 - 4. Knowledge, background and experience of company and personnel to be utilized in area of desired services
 - 5. Quality and timeliness of similar program performance/services provided elsewhere
 - 6. Compliance with specifications in RFP.
 - 7. Financial Strength of Company
 - 8. Years bidder has been in business
 - ii. Evaluated Cost - *30-70%. This includes;
 - 1. Total project cost
 - 2. Payment terms
 - 3. Exceptions or modifications to contractual terms

* Note: Depending on the magnitude of the value of the contract and the amount of customer interaction, these two criteria will fluctuate between 30 and 70% (e.g., a school program is a smaller contract value but the increased interaction with customers may result in this bid being 70% technical and 30% evaluated cost).
- c. Copies of all responses will be forwarded to the CSP selection team for review and recommendation. The EDC may conduct on-site finalist interviews during any time in the review process. The CSP selection team will collectively evaluate each response based upon the established criteria in a Bidders' Evaluation Matrix and document their results.

4. CSP Contract Award/Execution

- a. Based upon the overall evaluation the CSP selection team will recommend a proposed CSP(s) and finalize the proposed CSP contract negotiations.
- b. The EDC will develop and file all proposed CSP contracts and contract amendments with the Commission, including the scope of work, written bid evaluation and other attachments to the proposed CSP contract, following the minimum criteria for the EDC proposed CSP contracts, for review and approval before awarding or executing the contract.
- c. If the PUC has not commented upon or disapproved the bid evaluation or the proposed CSP contract within 45 days of submittal to the PUC, then FE PA Utilities are permitted to proceed with awarding the contract without modification.
- d. If time is of the essence, FE PA Utilities can issue a notice-to-proceed (full or limited) after PUC approval but before issuing the executed contract. The EDC will notify the other responding bidders of the award decision(s).