

*Midwestern Higher Education Compact
Energy Advisory Committee*

ELECTRICAL COMPONENTS SOLUTION

REQUEST FOR PROPOSAL

Questions and Answers

Feb. 24, 2010

Question 1: Within the RFP, MHEC has asked potential vendors to provide pricing for the components along with services: installation, disposal, etc. Our company can provide pricing for the individual components but it can also provide pricing for turn-key solutions. How should our company respond to the RFP? Should we give pricing for individual components or should we give pricing for turn-key solutions or do we provide pricing for both?

Answer: At a minimum the Energy Advisory Committee would like to see pricing for components. Prospective Providers are also encouraged to provide pricing for services if that is something they offer. Eligible Participants will have differing requirements depending upon their needs. Some may only require components while others may require both components and related services.

Question 2: Section H, General Information and Qualifications, section 8: It states that purchase orders will be placed by each eligible participant on their own Purchase Order Form. Will our company be subject to countless different terms, conditions and stipulations because the purchases are coming from different institutions?

Answer: No. Terms of the purchase will be as stated in the Master Agreement. Eligible Participants will use their own purchase orders to make it easier to facilitate the purchase, but no additional terms or conditions will be added to the Master Agreement as a result of acceptance of a purchase order.

Question 3: Our company has many accessories that can be added on to the individual components specified in this RFP. Should we provide pricing for the individual components and then separate pricing for the accessories as add-ons?

Answer: Yes, the committee would like to see pricing for the individual components and separate pricing for add on accessories. Understanding that pricing all possible add on accessories may be difficult at this time, the committee will consider pricing or discount schedules for key accessories and/or categories of accessories.

Question 4: How should we submit our response to the RFP? Are there any bid bonds associated with this RFP?

Answer: Prospective Providers should submit the responses to the RFP as set forth in Section O of the RFP. There is no bid bond requirement.

Question 5: Section H, General Information and Qualifications, section 18: It states that MHEC requires an administration fee component to be included with our response to the RFP. What is this administration fee and could you please give some examples so we understand how to structure the fee?

Answer: The administration fee is a nominal fee paid by the winning bidder(s) to MHEC to help MHEC cover some of its expenses for the development, implementation, administration and marketing of the program. Some administrative fee examples used in other MHEC programs include a small percentage of sales (i.e., the administrative fee is one-half of one percent of sales) or a small percent of the savings an Eligible Participant achieves as a result of using the RFP developed contract (i.e., the administrative fee is ten percent of the savings the Eligible Participant achieved as a result of using the contract). The percentages used in this answer are illustrative only and Prospective Provider is encouraged to propose an administrative fee approach that fits best with the proposal being presented. Ideally, the administrative fee will not affect the price of the product or service being offered to the Eligible Participant, but under no circumstances should the administrative fee make the pricing of the product or service uncompetitive.

Question 6: If we include an administration fee as part of our response to the RFP, wouldn't MHEC rank the potential vendors based on the fee alone and not the pricing for the eligible participants? Isn't the administration fee a conflict of interest for MHEC?

Answer: No. MHEC's Energy Advisory Committee or a subcommittee thereof will be evaluating the proposal. The administration fee will not be evaluated separately but will be considered as part of the overall pricing criteria. Prospective Provider should make certain the administrative fee does not make the pricing of the product or service uncompetitive.

Question 7: If we quote certain prices in our response to the RFP do we have to explicitly note that a certain amount of the price is going to the administration fee?

Answer: Yes, the Energy Advisory Committee would like to know the amount of the price that is going to the administration fee. However, this can be done as a percentage instead of a line item for each product /service.

Question 8: How should the administration fee get back to MHEC? Can we treat the administration fee as a rebate?

Answer: Yes, MHEC would like to see the winning bidder(s) provide to MHEC the administration fee payment on a quarterly basis along with a reporting of the contract users, the volume purchased and the savings achieved under the contract.

Question 9: The pricing of certain components are subject to changes in the market, especially components using new technologies, how should our response to the RFP address potential price changes in the market? Do we have to provide a price per unit guarantee?

Answer: For technologies that are subject to a declining price over time as commercialization and sales increase efficiency and reduce prices in the future, the Prospective Provider should consider price review schedules, indexing schedule, rebates that can be distributed back to early program users or other innovative structures that recognize potential reduced prices in the future without penalizing early adapters.

Question 10: Is it possible to view a list of MHEC's eligible participants?

Answer: The Eligible Participants are all of the public and not-for-profit colleges and universities located in the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. Optionally, Eligible Participants may also include the following entities in the above mentioned twelve states: K-12 schools and districts, including public libraries; cities, counties, hospitals and local subdivisions; and state agencies. MHEC is also open to expanding the program to include similar entities located in the Western, Southern and New England states.

Question 11: If our components are made, manufactured and/or assembled in America, will that have any influence on how our response to the RFP is evaluated?

Answer: Although America as the country of manufacture is becoming more and more important to states and institutions, the country of origin or country where manufactured and/or assembled has not been included as criteria in the RFP.

Question 12: Section M, Schedule of Events: It is stated that the deadline for submitting a response to the RFP is March 10, 2010. When will this program begin to take effect?

Answer: The actual program starting date will depend on a variety of variables including the number of contracts awarded and the time it will take to finalize those contracts, but it is the committees goal to have this program started by no later than early Summer 2010.

Question 13: How does MHEC spread the word of this RFP to its eligible participants? Will the winning vendor(s) have to do all the work of informing the eligible participants?

Answer: MHEC will work with the winning vendor(s) to market the program to the Eligible Participants. Some of the marketing strategies MHEC may undertake include announcing the program and its vendors in MHEC's monthly newsletter, having members of the Energy Advisory Committee inform their peers in their states about the program, working with regional and national associations to market the program, and conducting statewide or regional meetings to inform Eligible Participants about the program.

Question 14: Are there specific state meetings where administrators and other officials can come to see the components we provide?

Answer: There are no regularly scheduled meetings for this purpose but MHEC is willing to work with state and regional associations to be included in their meetings for the purpose of introducing the program and components provided under the program. In addition, winning vendor(s) may have an opportunity to make presentations before the Energy Advisory Committee and the MHEC Commission.

Question 15: Are we to treat the eligible participants different than our normal customers and provide them with a separate credit process from what we already have established?

Answer: No.

Question 16: You've established how this RFP and potential program is beneficial to MHEC and its eligible participants, but how is this RFP beneficial to our company? There are other competitors with similar buying groups, how are you different than them?

Answer: Instead of trying to offer up the full catalogue of products, MHEC is attempting to identify a limited number of energy efficient components for use by Eligible Participants in their attempt to reduce their energy costs. It is believed this approach will allow Prospective Providers to more accurately predict their costs associated with production and marketing. Less sophisticated Eligible Participants will also need less pre-sales time under this approach than if purchasing from a catalogue which should save the winning bidder(s) both time and money. In addition, this RFP allows Prospective Providers the opportunity to broaden their customer base in the Midwest, reduce their sales cycle time/costs associated with the competitive bid process, and help to develop close relationships with individual Eligible Participants that could potentially grow to other matters outside the scope of this RFP.

Question 17: How should we structure the pricing for units? Should it be based on volume driven by contract? Should it be a fixed price contract?

Answer: Since a variety of differing types and sizes of institutions will potentially be using a winning bidder(s) contract, the Prospective Provider should consider both small and large volume purchasing with corresponding pricing to reflect both instances. Prospective Provider may consider pricing based on contract volume, pricing based on Eligible Participant volume and/or other methods. The Prospective Provider is encouraged to be innovative.

Question 18: Can you please advise on the number of induction fixtures discussed in Category 7 of the Electrical Lamps section of the RFP? We are trying to determine the number of fixtures that need to be priced for our response to the RFP.

Answer: There are 11 different induction lamps in Category 7 of the Electrical Lamps section that we would like to see priced. If Prospective Provider is unable to give pricing for all wattage types then they can provide pricing for what they do carry.

Question 19: If we have any other questions or comments who should we contact at MHEC?

Answer: Your contact at MHEC should be our Energy Program Director, Grant Wolters.

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