

March 31, 2020 OPUC/Commissioner Tawney response to request regarding diverse spend targets and inclusion of community-based organizations among diverse subcontracting in Energy Trust Business Program Management and Delivery Services Request for Proposals

I apologize that yesterday got away from me and I'm slow in responding on this critical issue. Thank you for your continuing efforts to help us identify more equitable ways to be inclusive in the delivery of cost-effective energy efficiency programs with public purpose funds. Your willingness to bring our attention to these issues and your experience in the energy efficiency industry helps us to move equity forward in our industry and in how we effectively engage COBID contractors in Oregon.

Following our discussion on Friday, March 20, I asked Energy Trust staff to provide some background information to me regarding the development of the current Commercial and Industrial Programs RFP. I wanted to better understand how diversity, equity and inclusion considerations were built into the RFP and how those considerations had evolved since the 2017 Residential Programs RFP. What I learned is that the current RFP contains several more specific requirements around diversity, equity and inclusion than the 2017 RFP:

1. The Commercial RFP requires that bidders submit their most recent EEO-1 forms in order to provide specific demographic information about their firms.
2. The current RFP requires completion and submission of a specified DEI Subcontracting plan, while the 2017 RFP did not contain any specific requirements for diverse subcontracting. That plan will be the foundation of performance metrics in the contract impacting both the initial term of the contract and renewal decisions.
3. The 2017 RFP weighted DEI considerations only 5% of the total scoring, which was not material enough to change the ordering of bids. ETO staff analyzed scoring to understand what weighting would materially impact the outcome of the scoring. The current RFP weights these considerations 25%, based on that analysis.

I understand your concerns regarding the way in which Community Based Organizations (CBOs) may affect the amount of subcontracting for COBID contractors. As a result of our recent conversation, I have asked Energy Trust to issue a clarification to potential proposers to the RFP that Energy Trust expects DEI Subcontracting Plans to include a variety of subcontractor categories; this clarification will also communicate that that diversity of subcontractors will be a factor for scoring. That diversity of subcontractors is crucial to effective program delivery in Oregon. The clarification and deadline extension can be found [here](#).

I also want to address your concern about the lack of a minimum percentage for DEI subcontracting in the RFP. The Commission and Energy Trust are focused on building long-term, sustainable capacity among COBID firms across Oregon. We had a long discussion about the risks and advantages of different strategies to accomplish that goal, particularly hearing your feedback. I believe ETO is taking an appropriate approach to build out capacity in Oregon for the long-term, even as that approach differs from some other states or even industries in Oregon. However, we will continue to monitor the results of the RFP. I am assured that Energy Trust's expectation is that favorable proposals will have to have a

significant DEI subcontracting component. Energy Trust staff would consider “significant” to be 15% or higher. While this is not a hard minimum and not explicit in the RFP, it is an expectation of staff as they go into the scoring and selection process.

Therefore, it is paramount that we start working right away to increase capacity of M/W/ESB/SDV contractors in the energy efficiency industry. Here are some ideas ETO has to increase capacity of M/W/ESB/SDV contractors:

1. Work with COBID to identify M/W/ESB/SDV contractors in their database by attaching an energy logo to those contractors that have energy efficiency in their NAICS Code. This will make them more readily recognizable to PMCs and PDCs who are looking to do business with them.
2. Partner with Lane, PCC and Clackamas Community Colleges along with local high schools to create a Green Collar curriculum to help promote entrepreneurs into the clean energy industry. Lane and Clackamas already have Renewable Energy Technology curriculums in place. Additional support from Local 48 and Local 290 could increase the impact on those high school students, brick and mortar contractors, and M/W/ESB/SDV Suppliers who are looking to diversify their businesses. According to the Department of Energy (DOE), approximately 60% of energy efficiency investments are put toward labor costs and half of all energy efficient equipment is purchased from local suppliers (U.S. DOE, 2004).
3. Organize “meet and greet” outreach events and seminars with CBOs and ethnic chambers to introduce M/W/ESB/SDV contractors to PMCs and PDCs with hopes of creating partnerships and subcontracting opportunities for M/W/ESB/SDV contractors.

These three suggestions are just a sample of the type of actions Energy Trust is looking to execute once the successful bidder has been selected. In addition, Tyrone Henry brings experience and energy to ensuring that PMCs and PDCs exceed these expectations. I appreciate the work you’ve been doing to help firms register with COBID in advance of this RFP. I think that is invaluable to further building out visibility and capacity.

Thank you again for raising your concerns with me. You have raised my awareness about these issues and I’ve learned more about the complexities of these contracts. I do hope you will continue to provide us feedback as we strive toward building sustainable capacity in our industry throughout Oregon.

Kind Regards,

Letha

Letha Tawney
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