

**INTERNATIONAL UTILITY EFFICIENCY PARTNERSHIPS, INC.**  
**2000 L Street, N.W., Suite 805**  
**Washington, D.C. 20036**  
**Tel: (202) 293-7992**  
**Fax: (202) 478-2525**  
[www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/)

**January 20, 2006**

Attached is our 2006 Request for Proposals (RFP) for developing and implementing international energy efficiency projects and methane reduction projects that will result in the reduction, avoidance, or sequestration of greenhouse gases (GHG).

This RFP is sponsored by the [International Utility Efficiency Partnerships, Inc. \(IUEP\)](http://www.iuep.org/). The IUEP has been a leader among the industry groups that have supported voluntary initiatives to address global climate change. The IUEP maintains its leadership by supporting international GHG reduction projects under the auspices of the [Power Partners Program](#), a joint initiative of the U.S. power industry and the U.S. Department of Energy (DOE). IUEP undertakes its GHG reduction projects by partnering with U.S. and international organizations.

The goal of the IUEP program – consistent with the United Nations Framework Convention on Climate Change (UNFCCC) signed by President George H. W. Bush, and the International Power Partnerships (IPP) program, a joint venture between the IUEP and the U.S. Department of Energy – is to reduce emissions by identifying, coordinating, and providing funding for development of international environmentally-friendly energy development projects.

IUEP pursues its objectives and goals by sponsoring projects that demonstrate real potential to reduce emissions in the atmosphere, thereby facilitating the creation of actual “tons of reductions on the table.” By making grants, IUEP provides financial and managerial support to enable worthy projects to be deployed in the international marketplace. These grant-making activities also encourage the development of strong partnerships between the developing world and U.S. manufacturers, developers, and electricity providers.

Projects awarded under this year’s RFP will be those that demonstrate quantifiable emissions reductions that can be immediately implemented in host countries. RFPs in previous years have placed an emphasis on renewable energy technologies and other high-efficiency, lower-GHG power technologies that reduced, avoided, or sequestered GHG emissions. In addition, IUEP will strongly encourage development of projects that meet the criteria for inclusion in the Asia-Pacific Partnership (APP), <http://www.state.gov/g/oes/rls/fs/50314.htm>. IUEP will also give priority to projects that meet the criteria for inclusion in the Methane to Markets initiative (M2M), <http://www.epa.gov/methanetomarkets/>. Project developers for APP and M2M projects will participate in the same RFP process as other project developers.

In addition, this year the IUEP will accept proposals for research and development activities. This year’s RFP will include a new section intended to solicit work done to identify and quantify

development tools related to resource assessment and other research-related activities in support of GHG development activities. It is anticipated that proposals will be received from entities, including those in partnership with government research laboratories. In cases where the research is eligible cost-sharing exemptions will be sought, consistent with the cost share requirements established in Section 988 of the Energy Policy Act of 2005. IUEP intends to establish a procedure for seeking waivers in cooperation with the Golden Field Office and other DOE managers.

Proposals must be judged to have excellent prospects for success, including verifiable emissions reductions. The proposed projects will be required to have an existing private funding component, high potential for attracting private financing, and not be dependent on the development of technologies or operational systems not yet commercially available. Also, applicants must demonstrate matching funds at a minimum level of 50 percent of the total cost of the project. As detailed in Section 3.6.4.2 of this RFP, this cost share requirement can be met with other non-Federal grants, and/or in-kind contributions from the applicant or other partners in the project. IUEP may waive this cost share requirement under certain circumstances, including research and development proposals and feasibility study proposals submitted by a small business with a total cost less than \$150,000.

We encourage bidders to make use of the information and RFP tools available on our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/). At this website you can find background information on this RFP, and the APP and M2M programs. You will also be able to register to receive RFP updates and responses to questions, as well as download spreadsheet tools that may help simplify preparing and submitting your proposal.

The guidelines for developing proposals are found in Section 3 of the RFP, which also includes specific contractual requirements. Seven (7) copies of your proposal (six bound, and one unbound) must be received by IUEP no later than **April 20, 2006 at 4:30 PM Eastern Standard Time (EST)** and should be submitted to:

Mr. Donald M. McKinnon  
Program Manager  
International Utility Efficiency Partnerships, Inc.  
2000 L Street, NW, Suite 805  
Washington, DC 20036  
Telephone: 1-(202) 293-0078  
E-mail: [DMcKinnon@iuep.org](mailto:DMcKinnon@iuep.org)

Also, one (1) electronic copy (preferred format Microsoft Word) of the Executive Summary – including the Summary Form (Attachment C) and Project Description – should be sent to:

[WSanRoman@iuep.org](mailto:WSanRoman@iuep.org).

We would be happy to provide clarification on any point of this RFP. Inquiries and clarifying questions should be submitted in writing and received by **March 31, 2006**, in order to provide timely answers to all potential project applicants. Questions can be submitted on our website at

[www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), or alternatively by faxing to Mr. Donald M. McKinnon at the following fax number: 1-(202) 478-2525. All questions received, and answers provided, will be compiled and made available on our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/).

If you are considering submitting a proposal, we encourage you to first submit an Expression of Interest, either on-line or by faxing or mailing the following page. Doing so will allow you to receive RFP updates and responses to questions via email. Submitting an Expression of Interest is optional, and failure to register will not preclude you from submitting a proposal. However, you will not receive email notices on the RFP and future activities unless you register on-line or return the attached form.

Thank you for your interest in our RFP. The IUEP looks forward to receiving your proposal.

# EXPRESSION OF INTEREST IUEP 2006 REQUEST FOR PROPOSALS

RFP Issued: January 20, 2006  
Proposals Due: April 20, 2006

*We ask that you complete and submit this Expression of Interest, to help us ensure that your proposal receives proper consideration. However, this information is optional, and you are not required to submit it in order to submit a proposal. By providing this information, IUEP can keep you updated on news regarding this RFP and/or future opportunities.*

**1. REGISTER ON-LINE (PREFERRED METHOD)**

- Go to [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/)
- Click on "Get the RFP"
- Complete the section under "Expressions of Interest" and click the "Submit" button

**2. ALTERNATE METHOD: FAX OR MAIL**

- Complete this Form and Fax it to 1-(202) 478-2525
- or, mail to: Mr. Donald M. McKinnon  
Project Manager  
International Utility Efficiency Partnerships, Inc.  
2000 L Street, NW, Suite 805  
Washington, DC 20036

<b>Name of Project Applicant (Org.):</b>	
<b>Contact Person Name:</b>	
<b>Contact Person Title</b>	
<b>E-Mail Address:</b>	
<b>Street Address 1:</b>	
<b>Street Address 2:</b>	
<b>City, State/Prov., ZIP/Zone, Country</b>	
<b>Telephone Number:</b>	
<b>Fax Number:</b>	
<b>Signature:</b>	
<b>Date:</b>	

**Stay posted! Note that if the boxes below are checked, you will need to provide at least an e-mail address in order to receive updates.**

<input type="checkbox"/>	Please notify me of any news related to this RFP
<input type="checkbox"/>	Please notify me of future IUEP RFPs

# **2006 Request for Proposals**

## **International Utility Efficiency Partnerships, Inc.**

RFP Issued: January 20, 2006

Proposals Due: April 20, 2006

More information at: [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/)

# Table of Contents

---

	<u>Page</u>
1. BACKGROUND .....	1
2. PROPOSAL EVALUATION AND SELECTION.....	6
3. PREPARING AND SUBMITTING YOUR PROPOSAL .....	8
3.1 Proposal Submission.....	8
3.2 Outline of Proposal Submission.....	8
3.3 Instructions for Transmittal Letter .....	9
3.4 Instructions for Executive Summary and Summary Form .....	9
3.5 Instructions for Technical Proposal .....	10
3.5.1 Feasibility and Sustainability of Project Plan .....	11
3.5.2 Accuracy and Credibility of GHG Emission Reduction Calculations.....	14
3.5.3 Technical Qualifications and Experience of Project Applicants and Other Project Participants .....	18
3.5.4 Evidence of Local or National Support .....	19
3.5.5 Non-GHG Environmental Impacts & Social and Economic Impacts.....	19
3.6 Instructions for Cost and Revenue Proposal.....	19
3.6.1 Project Costs, by Year.....	20
3.6.2 Project Revenues, by Year.....	23
3.6.3 Summary of Costs, Revenues, and GHG Reductions.....	24
3.6.4 Requested IUEP Funding and Evidence of Financial Commitments .....	27
3.6.5 Financial Qualifications of Project Applicant and Other Participants.....	27
3.7 Supporting Documentation and Agreements .....	28
3.8 Confidentiality of Information and General RFP Management .....	29
3.8.1 Confidentiality and RFP Management.....	29
3.8.2 General RFP Management.....	29
3.9 Specific Contractual Requirements.....	30
3.9.1 Contract.....	30
3.9.2 Taxes.....	31
3.9.3 Management of Contract.....	32
ATTACHMENT A. CONVERSION FACTORS .....	33
A.1 Instructions for Converting Between Metric and U.S. Units.....	33
A.2 Instructions for Converting Carbon to a CO <sub>2</sub> -Equivalent Basis .....	34
A.3 Instructions for Converting Other GHGs to a CO <sub>2</sub> -Equivalent Basis.....	34
ATTACHMENT B. TRANSMITTAL LETTER .....	36
ATTACHMENT C. PROJECT INFORMATION SUMMARY FORM .....	37

# INTERNATIONAL UTILITY EFFICIENCY PARTNERSHIPS 2006 REQUEST FOR PROPOSALS

## 1. BACKGROUND

The [International Utility Efficiency Partnerships, Inc. \(IUEP\)](#) was established in 1995 by the Edison Electric Institute (“EEI”) specifically to support emission reduction projects. The goal of the IUEP program, consistent with President Bush’s voluntary climate initiative announced on [February 14, 2002](#), and the [International Power Partners program](#), a joint venture between the IUEP and the Department of Energy, is to reduce emissions by identifying, coordinating, and providing funding for development of international environmentally-friendly energy development projects.

IUEP pursues its objectives and goals by sponsoring projects that demonstrate real potential to reduce emissions in the atmosphere, thereby facilitating the creation of actual “tons of reductions on the table.” By making grants, IUEP provides financial and managerial support to enable worthy projects to be deployed in the international marketplace. These grant-making activities also encourage the development of strong partnerships between the developing world and U.S. manufacturers, developers, and electricity providers.

IUEP’s membership has accumulated substantial expertise in identifying and developing viable international energy efficiency projects. In recognition of this expertise, and in order to continue to foster participation by U.S. industry in addressing climate change, Congress has directed the U.S. Department of Energy (DOE) to provide IUEP with funds to “competitively award projects continuing its leadership role in reducing carbon dioxide emissions using market-based mechanisms.”

This year’s RFP is intended to fulfill the goals and intent of both Congress and the DOE by soliciting proposals for projects that produce energy efficiently, sequester carbon, or contribute in other ways to an overall reduction in greenhouse gas (GHG) emissions. This year, IUEP will strongly encourage development of projects that meet the criteria for inclusion in the Asia-Pacific Partnership (APP). IUEP will also give priority to projects that meet the criteria for inclusion in the Methane to Markets initiative (M2M). Project developers for APP and M2M projects will participate in the same RFP process as other project developers.

In addition, this year the IUEP will accept proposals for research and development activities. This year’s RFP will include a new section intended to solicit work done to identify and quantify development tools related to resource assessment and other research-related activities in support of GHG development activities. It is anticipated that proposals will be received from government research laboratories and that cost-sharing exemptions will be sought, consistent with the cost share requirements established in Section 988 of the Energy Policy Act of 2005. IUEP intends to establish a procedure for seeking waivers in cooperation with the Golden Field Office and other DOE managers.

In addition, IUEP will continue to contribute to the development of an empirical basis for evaluating approaches to accurate, practical methodologies for accurate quantification and registration of emissions reductions. These mechanisms will be critical to meeting the greenhouse gas reduction goals of developed countries. It is IUEP's intent to disseminate the lessons learned from these project development activities to DOE and stakeholders in the private sector to facilitate their understanding of greenhouse gas reduction strategies and project development requirements.

The IUEP is seeking proposals for projects that, if selected, have been initiated on a feasibility basis or will begin operation in the remainder of the 2006 calendar year *and that require near-term funding*. A typical awardee from prior years has been a project that is "on the shelf" and ready to go, but lacks the financial commitment and partnership needed to initiate project development. The IUEP has significant experience in providing financial and managerial support needed to deploy projects in the international marketplace. Although research and development proposals will not be required to demonstrate imminent deployment, r&d proposals should be immediately relevant to developers of GHG projects.

In distributing funds under this RFP, priority will be given to project proposals that have an existing private funding component, have high potential for attracting private financing, and whose success is not dependent upon technologies or operational systems that aren't yet commercially available. There are many types of methane emissions that can be reduced, and the savings from fugitive emissions can be used as a power generation fuel source or other applications. There are also many examples of processes, equipment and practices which use energy inefficiently, and could be much-improved using existing technologies. This RFP is intended to identify applications of energy efficiency or energy savings techniques that are economically feasible and environmentally friendly.

Achieving greenhouse gas reductions is the overall objective of this RFP. Successful project proposals should also demonstrate other benefits, in particular the following:

- Promote environmental stewardship by the electric power industry, including helping to demonstrate that a voluntary approach to environmental protection can work
- Advance the state of knowledge regarding options for managing greenhouse gases
- Improve economic efficiency and international competitiveness
- Achieve an adequate rate of financial return
- Conserve finite global energy reserves

To advance these goals, the IUEP is soliciting proposals from parties interested in developing and implementing international energy efficiency projects and methane reduction projects that will reduce or avoid greenhouse gas emissions in a credible, creative, and cost-effective manner. Such projects should demonstrate an adequate economic foundation that will allow project

developers to recover their investment, as well as an acceptable risk premium for their participation.

Through this solicitation, the IUEP is attempting to determine the availability of projects that are consistent with the above goals. The IUEP intends to make awards to projects that exhibit excellent prospects for completion, sound and verifiable emissions reductions, and other desirable characteristics. However, nothing in this RFP should be construed as obligating the IUEP, or any member utility or energy company, to select any proposals or participate in any projects.

As noted, we have broadened this year's RFP to go beyond our previous target areas of energy efficiency and renewable energy. This year, we intend to award a large share of this year's funding to well-qualified methane-related projects, particularly those that also result in the recovery of methane for use as a fuel. Examples of possible projects include the following.

- ***Landfill Gas Recovery.*** Landfill methane is produced when organic materials (such as yard waste, household waste, food waste, and paper) are decomposed by bacteria under anaerobic conditions (i.e., in the absence of oxygen). Landfill methane emissions can be reduced by flaring or through methane recovery and use projects. Because landfill gas has a high methane concentration (typically 40 to 60 percent), it can also be a fuel source, presenting landfill owners with an opportunity to reduce compliance costs by converting methane into energy.
- ***Reducing Methane Loss from Natural Gas Systems.*** Methane is the major component of natural gas, comprising about 95 percent of the processed gas. Methane emissions from natural gas systems are generally process related, mostly occurring from normal operations, routine maintenance, and system upsets. A number of technologies and practices have been identified for reducing methane emissions from natural gas systems. In the U.S., EPA and the natural gas industry, through the [Natural Gas STAR Program](#), have identified several Best Management Practices (BMPs) that are cost-effective in reducing methane emissions.
- ***Coal Mine Methane Recovery.*** In the geological process known as coalification, methane and coal are formed together. Depending upon the geologic conditions, the methane can be trapped within the coal seams and/or the surrounding rock strata. As the coal mining reduces the geologic pressure, the methane is released to the air. Some coal mines – particularly the very gassy ones – already employ a range of technologies for recovering methane. These methods have been developed primarily for safety reasons, as a supplement to ventilation systems. The quality of the gas determines how it may be used. Methane recovered from degasification can be used for pipeline injection, power generation, on-site use in a thermal coal drying facility, or sale to nearby commercial or industrial facilities. At present, most recovered coal mine methane is sold through natural gas pipelines. But even where the gas cannot be beneficially used most of the greenhouse gas emissions can be eliminated by flaring, converting the methane into less potent CO<sub>2</sub>.

- ***Renewable Energy Projects.*** Renewable energy projects include photovoltaics, concentrating solar power, solar heating, wind, geothermal, biomass, hydroelectric systems and other renewable energy technologies. Applicants are invited to submit single, large scale projects or small projects that demonstrate a technology or application that is readily replicated. Applicants are encouraged to demonstrate distributed power systems and niche market applications that can be deployed and then developed in similar countries and regions. It is recognized that there can be many benefits to these types of projects in addition to emissions reductions; applicants are strongly encouraged to include these benefits for consideration of the IUEP Selection Committee during the evaluation process. Please see Section 2 of this RFP for a description of the role of the IUEP Selection Committee.
- ***Energy Supply and Conversion.*** Both combined heat and power systems and re-engineered district heating configurations which supply space and water heating to a number of buildings can contribute to energy efficiency and mitigation of environmental impacts. Applicants are encouraged to submit proposals for combined cycle, district heating and fuel switching opportunities. Other efficiency systems, such as insulation improvements, installation of regulating valves and thermostats, as well as replacing oversized common industrial systems including pumps, fans, compressors, conveyors, machine tools, rollers, crushers, and other direct drive systems offer opportunity for greater energy efficiency. Also included in this category are improved “smart” systems, controls, and instrumentation.
- ***Residential and commercial space conditioning.*** Space conditioning projects include heating, ventilation, and cooling. These include projects which modify building design that provide for the reduction of ventilation and cooling needs. For instance, external heat gains can be reduced by installation of awnings and exterior or interior shades, reflective tinted window coatings, insulation windows, reflective and light colored roof tiles, wall and roof insulation, ventilation by natural convection, and the use of the ground. In hotter climates, energy efficiency can be enhanced by the use of heat shielding materials. Other project proposals might include moderation of internal heat gains through the use of energy efficient appliances. This may be achieved through installation of highly efficient mechanical cooling equipment, direct and indirect evaporative coolers, air to air heat exchangers, gas-fired absorption chillers and engine driven chillers, and adjustable speed electric powered systems. Heating efficiency gains can be achieved by better insulation of buildings, more efficient heating systems, use of passive solar energy, use of heat-pumps, and the installation of individual metering devices.
- ***Residential and commercial appliance conversion and efficiency.*** Efficiency improvements in cooking may be achieved through the installation of microwave ovens. Applicants are also invited to submit proposals that will contribute to efficiency improvements in water heating, refrigeration, washing machines, and a variety of convenience appliances

- ***Residential and commercial lighting projects.*** In the lighting sector, the conversion of primary energy into final electricity has an efficiency of about 30%, and the overall efficiency for lighting is currently about 3%. Also included are projects that support investments in efficiency and cost effective lighting techniques (particularly fluorescent lights) and those that reduce barriers to promotion of such technology such as lack of awareness and commercial availability, high initial cost, high replacement cost of breakages, and the general cost of retrofitting new lighting systems to existing domestic buildings and roadway systems. In addition, we invite projects that support investments in improved lighting design and control, and more efficient reflectors and ballasts for fluorescent tubes, and photovoltaic/battery systems that result in better lighting and space conditioning beyond the reach of existing economic grids.
- ***Manufacturing Industry.*** This sector consumes fuel for process heat, and a large percentage represents electricity for furnaces, electrolytic processes and electric motor drive. Most process heat is in the form of steam, with an overall efficiency of perhaps 15%-20%. The petroleum, steel, chemical, paper, and pulp industries represent the largest users of process heat. The efficiency with which process heat is used ranges from approximately 10% in cement production to 20% in iron and steel manufacturing. The IUEP may consider investments in energy efficiency projects within manufacturing industries, including chemicals, iron and steel, pulp and paper, and cement. There are several options for improving efficiency in the chemical sector, including improved process control, and waste heat management. Efficiency improvements in iron and steel production may be achieved through blast furnace modifications. Improvements in pulp and papermaking are possible by using better motor drive systems, cogeneration, and recovery of process heat through the use of heat exchangers, recuperators, and vapor compression systems. Applicants are encouraged to submit proposals for projects that increase energy usage from the waste products of the industry, including hog fuel, black liquor, cement production, and forest residues.
- ***Transportation.*** Applicants are encouraged to submit proposals for projects which seek to reduce transportation-related emissions, including demonstrating, on a fleet basis, vehicles that use cleaner fuels and equipment that make vehicles more fuel efficient. U.S. utilities operate and maintain significant vehicle fleets (representing all fuel types) and this RFP encourages the submittal of international projects that offer the potential to increase experience gained from producing, marketing, and using alternative fuels.
- ***Carbon Sequestration.*** Applicants are encouraged to submit proposals for projects that sequester carbon through reforestation/afforestation, forest preservation, or other conservation proposals. The IUEP is aware of recent findings that may require additional GHG calculations.

With regard to research and development proposals, the IUEP is seeking proposals that will be of immediate interest to GHG project developers. R&D proposals may be applicable to any of

the types of projects listed above. To the extent practicable, r&d applicants should follow the RFP instructions in this RFP. If the RFP application refers to information that is not applicable to r&d projects, please indicate that the requested information is not applicable. Be sure to provide an adequate explanation of the research proposed and the applicability of the research to GHG project developers. Also, if the work proposed is consistent with the APP and/or M2M program, please provide a full explanation of the applicability of the proposal to these important initiatives.

## **2. PROPOSAL EVALUATION AND SELECTION**

Through this RFP, the IUEP Selection Committee will be evaluating proposals and making selections with the goal of making awards to well-designed energy efficiency and methane reduction projects that advance the goals expressed above in Section 1. It is recognized that some projects may be very attractive on certain criteria (e.g., a low cost per ton of CO<sub>2</sub> sequestered), while other projects may offer other benefits (e.g., technological advancement, technology demonstration, and an attractive rate of return). By encouraging a wide range of potential energy efficiency and methane reduction projects, it is the goal of the program to sponsor a diversified portfolio of projects that collectively advances all of its goals.

Our RFP asks for a significant amount of information and supporting detail on your project designs, technical qualifications, costs, and expected GHG reductions. This amount of detail helps us to better understand your project and fairly evaluate its appropriateness for IUEP funding. At the same time, we remain sensitive to the sometimes substantial effort required for bidders to prepare and submit a proposal. Accordingly, while we are asking for a significant amount of information, we are not demanding it, and we intend to be flexible in reviewing proposals where alternatives to our recommending structure and formats seem appropriate. In particular, if a specific RFP element is just not relevant or appropriate to your project, you may simply state that it is not applicable to your case.

Our evaluation of your proposal will be conducted in three stages: (1) preliminary assessment, (2) detailed evaluation of proposals, and (3) project selection. These are described below.

### **2.1. PRELIMINARY ASSESSMENT**

During the preliminary assessment, all proposals will be reviewed to assess their overall completeness and adequacy on certain broad criteria. Submissions that are seriously incomplete – for example, a proposal that does not include a management plan or cost estimates – may be excluded from further consideration at this time. Submissions will also be reviewed to assess the adequacy and credibility of emissions accounting methods used, cost calculations, management and monitoring plans, host country and stakeholder acceptance and approval, and the qualifications of the implementing organization(s).

### **2.2. DETAILED EVALUATION OF PROPOSALS**

Proposals that pass the preliminary assessment will then be evaluated in detail based on specific criteria. We will be judging proposals using the criteria listed below; please note that the order in which criteria are presented is not indicative of any ranking of importance.

Technical criteria include:

- Feasibility and sustainability of project plan
- Accuracy and credibility of greenhouse gas (GHG) emissions and emissions reductions calculations

- Technical qualifications and experience of project applicant and other project participants
- Evidence of local or national support
- Non-GHG environmental impacts
- Social and economic impacts

Cost and benefits criteria include:

- Financial feasibility of the project
- Accuracy and credibility of financial calculations
- Financial qualifications of project applicant and other project participants
- Amount of funding secured, including evidence of financial commitments
- Budget showing use of proceeds of funds

In evaluating projects, the IUEP will consider how a project measures against all criteria, as well as how the project contributes to the overall objectives of the program. Hence, relatively poor performance on one criterion may be outweighed by excellent performance on another. In this manner, the IUEP encourages project proposals that are not only carefully reasoned and presented, but that are also creative and meet multiple program objectives. Project applicants may be contacted by IUEP during the evaluation process to obtain additional information or clarification.

### **2.3. PROJECT SELECTION**

Project applicants will be notified after project selection. Project applicants with proposals that are not selected in this round may re-apply in future RFPs. Further, the IUEP staff may conduct de-briefing sessions to non-successful project applicants if desired by the project applicants.

## 3. PREPARING AND SUBMITTING YOUR PROPOSAL

This section of our RFP provides instructions for preparing and submitting your proposal. By following the instructions carefully, you help ensure that your proposal will receive thorough and thoughtful consideration.

Please note that if more than one project is proposed, a separate proposal must be submitted for each project. Also note that the information provided in your proposal may be used when drafting contracts in the event the proposal is selected.

### 3.1 PROPOSAL SUBMISSION

Proposals must be received by the IUEP **no later than 4:30 PM Eastern Standard Time (EST), April 20, 2006**. Seven (7) copies of the proposal, six (6) bound and one (1) unbound, must be submitted to:

**Mr. Donald M. McKinnon**  
**Program Manager**  
**International Utility Efficiency Partnerships, Inc.**  
**2000 L Street, NW, Suite 805**  
**Washington, DC 20036**  
**United States of America**  
**Telephone: 1-(202) 293-0078**  
**Fax: 1-(202) 478-2525**

Also, one (1) electronic copy (preferred format Microsoft Word) of the Executive Summary – including the Summary Form (Attachment C) and Project Description – should be sent to [WSanRoman@iuep.org](mailto:WSanRoman@iuep.org).

### 3.2 OUTLINE OF PROPOSAL SUBMISSION

This section provides a list of the basic elements each proposal submission should include. The order in which the various proposal components are listed is the order in which they should appear in your proposal submission.

Our RFP asks for a significant amount of information and supporting detail on your project designs, technical qualifications, costs, and expected GHG reductions. This amount of detail helps us to better understand your project and to provide IUEP's Selection Committee members with the basis needed for comparative evaluations.

**If your proposal is missing any of these parts, it may be judged incomplete and may be excluded from further consideration.** However, we remain sensitive to the sometimes substantial effort required for bidders to prepare and submit a proposal. Accordingly, while we are asking for a significant amount of information, we are not demanding it, and we intend to be

flexible in reviewing proposals where alternatives to our recommending structure and formats seem appropriate. In particular, if a specific RFP element is just not relevant or appropriate to your project, you may simply state that it is not applicable to your case.

The specific components to be included are presented below and discussed in more detail in the following sections:

- §3.3 Transmittal Letter.** The transmittal letter formally offers the project applicants proposal, and must be signed by an individual authorized to commit the project applicant to the project.
- §3.4 Executive Summary.** Project applicants are requested to provide a one to two page Executive Summary of their project, together with a completed Summary Form (Attachment C).
- §3.5 Technical Proposal.** This section contains guidelines for describing the project design, management plan, estimates of greenhouse gas reductions, project applicant's qualifications, etc.
- §3.6 Costs and Revenues Information.** This section contains guidelines for presenting information on your project's cost and revenues, including in-kind contributions and other sources of financing.
- §3.7 Supporting Documentation and Agreements.** As needed, project applicants should append resumes, commitment letters, project descriptions, and other supporting materials to their proposals.
- §3.8 Confidentiality of Information and General RFP Management.**
- §3.9 Specific Contractual Requirements.** This section provides the terms and conditions of this solicitation, and the legal and contractual elements that must be included in the proposal, as identified by the IUEP.

### **3.3 INSTRUCTIONS FOR TRANSMITTAL LETTER**

The transmittal letter is a brief, one-page letter from the project applicant to the IUEP to formally offer the proposal. It must be signed by an individual with authority to commit the project applicant to the project as described in the proposal.

For your transmittal letter, you may use the text shown in Attachment B, adding to it your organization's address information and adapting it as you see appropriate. If you wish, you can download this attachment as a WORD file from our website at <http://www.iuep.org/RFP2006/>, and clicking on "Tools & Assistance". Alternatively, you can write a transmittal letter of your own wording, provided that it is substantively equivalent.

### **3.4 INSTRUCTIONS FOR EXECUTIVE SUMMARY AND SUMMARY FORM**

All proposal submissions should begin with an Executive Summary of the proposed project. **At a minimum, the Executive Summary must include the completed Summary Form (provided in Attachment C) and a brief Project Description**, in which any unique or innovative aspects of the project are highlighted, including non-greenhouse gas benefits. The Executive Summary (exclusive of the Summary Form in Attachment C) should be no more than one or two pages.

We recognize that different project applicants might use different system of units in their projects. This is especially true when projects are worldwide in scope and span a range of greenhouse gases. We do not want to create additional burdens for you in preparing your proposal, and we will accept proposals using measurement units most appropriate to your situation. However, we do require that all summary data reported in the Summary Form (Attachment C) must be reported in the units you use as well as in these standardized units that we can use in comparing proposals.

- metric tonnes (equal to 2205 pounds, or 1.102 short tons)
- weight in carbon dioxide or CO<sub>2</sub> equivalent (for methane, use a GWP of 23 tonnes CO<sub>2</sub> for 1 tonne of methane; this is the value developed in the IPCC's Third Assessment Report (2001) and is used by the U.S. Energy Information Administration EIA in its December 2004 report on [Emissions of Greenhouse Gases in the United States 2003](#))
- U.S. dollars, converted from local currency

To assist you in making these conversions, we have provided Attachment A showing many conversion factors and procedures. Additionally, we have developed an Excel spreadsheet to help you summarize and present your project costs. In particular, the worksheets can be useful in (1) converting local currency values to U.S. dollars, (2) converting methane and other greenhouse gases into their CO<sub>2</sub>-equivalent tonnage, (3) adjusting future inflated dollars into constant dollars, and (4) discounting future values to the present to account for the time value of money. You may wish to download this spreadsheet by going to our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), and clicking on "Tools & Assistance".

### **3.5 INSTRUCTIONS FOR TECHNICAL PROPOSAL**

Your technical proposals should be prepared and organized according to the guidelines in this section. By following the format suggested here, you will help ensure that your proposal receives a thorough evaluation. Proposals that do not include critical elements of the technical proposal may be judged incomplete and excluded from further consideration. However, as noted above, we intend to be flexible in reviewing proposals where alternatives to our recommending structure and formats seem appropriate. In particular, if a specific RFP element is just not relevant or appropriate to your project, you may simply state that it is not applicable to your situation.

The technical proposal should include all aspects of project design, greenhouse gas calculations, technical qualifications, and ancillary impacts and benefits. The individual components of the

technical proposal are listed below. As applicable, project applicants should follow these guidelines as closely as possible and include all relevant information. Overly long proposals are neither necessary nor encouraged. So long as the relevant information is complete and clear, proposals can be as short as ten pages or less (excluding supporting documentation).

The components of the technical proposal are:

- Feasibility and sustainability of project plan (§3.5.1)
- Accuracy and credibility of greenhouse gas (GHG) emissions and emissions reductions calculations (§3.5.2)
- Technical qualifications and experience of project applicant and other project participants (§3.5.3)
- Evidence of local or national support (§3.5.4)
- Non-GHG environmental impacts & social and economic impacts (§3.5.5)

The requirements of each component are presented in detail in the following pages.

### **3.5.1 Feasibility and Sustainability of Project Plan**

In this section, project applicants should provide information on the project design. As applicable, this should include a summary of project activities, the monitoring mechanism to be employed, a contingency plan in the event of any unexpected occurrences, and measures that will be taken to ensure that the effects of the proposed project activities are not negated or reversed in the future.

#### **3.5.1.1 Project Design**

- a) Provide a brief summary of the project including all project benefits, (a technical description of emissions reductions and technical and/or qualitative description of non-emissions benefits).
- b) Provide the precise location(s) of the project site(s), including country, state, city, county, and geographic coordinates (*i.e.*, latitude and longitude, if available). Provide a location map of the site showing the boundaries of the project.
- c) Provide information on project site characteristics that may affect project performance.
- d) Provide information on ownership of the project site, such as land purchase/rental/lease agreements, public concession for landfill use, number of owners, whether publicly or privately held, whether small holdings or large. Projects selected will be required to provide the name(s) and addresses of the current owners during contract negotiations.
- e) Describe any relevant political or regulatory variables affecting project ownership.

- f) Identify greenhouse gas sources and sinks at the site included in the emissions baseline/reference case.
- g) Describe, in detail, all measures to reduce or sequester greenhouse gas emissions (both on- and off-site) initiated as a result of this project.
- h) Provide dates of significant milestones, including:
  - The relevant dates for applying for and receiving permits, licenses, written approvals, letters of intent, concessions, and, if applicable, an agreement with host-country/state/city government.
  - The dates for starting and completing significant phases or stages of the project, including, but not limited to, feasibility studies (if necessary), development (including construction and/or setting up on-site offices), and beginning operations (i.e., starting management practices, distributing information, training, operating equipment, etc.).
  - The proposed date that specific measures to reduce/sequester greenhouse gas emissions will become effective.
  - Project lifetime, that is, the period in years during which project activities (such as active management, site monitoring, or status reports) will occur. This should usually be the same duration over which this project is claiming greenhouse gas emission benefits.
- i) Provide a description of how this project could contribute to the advancement of technical and/or scientific knowledge, especially regarding options to mitigate climate change, as well as a discussion on the innovativeness or uniqueness of this suggested approach.
- j) Provide information on the potential reducibility (potential for only conducting a portion of the project), transferability (potential for reproducing the project elsewhere), and expandability of the project. Discuss how these three variations could affect timing of project activities as well as project benefits.

### **3.5.1.2 Monitoring Mechanism and Reporting**

Project monitoring involves the periodic collection and analysis of data on the project's effects, and is an important aspect of the project. Monitoring is often conducted by the project developer's own organization, although some projects may wish to engage outside parties to perform monitoring. Some developers may also consider hiring a third party with special expertise in the area of data collection and analysis to design a monitoring regime for the project at its commencement.

Your proposal should describe your plan for monitoring and reporting. The use of outside parties in monitoring design and reporting is not required, but its inclusion may help strengthen your overall project proposal. For projects having a more challenging task of measurement, perhaps having greater uncertainty, the value of outside parties would likely be greater.

- a) Describe the process to be used to monitor the greenhouse gas emissions reductions, including:
  - The parties responsible for monitoring greenhouse gas emissions reductions over the life of the project
  - The specific data that will be used to monitor greenhouse gas emissions reductions
  - The data collection procedures, including a description of the sampling methodologies, emissions monitoring equipment (where relevant), use of remote sensing (where relevant), and methodologies for estimating emissions reductions from the raw data
  - A proposed schedule for monitoring activities
- b) Describe how the monitoring data and other information will be used to periodically update your emissions reductions estimates, and describe how you will annually report on the status of your project.

### **3.5.1.3 External Verification**

You may also choose, as part of your proposal, to include provisions for external verification, using an independent entity with demonstrated credentials in project validation. This external verification can be part of establishing the monitoring plan, and also in measuring and validating the effects over time. Here, too, the use of outside parties in verification is not required, but its inclusion may help strengthen the overall project proposal. For projects having a more challenging task of measurement, perhaps having greater uncertainty, the value of outside parties would likely be greater.

- a) If applicable, provide the names of the entities responsible for conducting external verification of project activities and records, the frequency of the verification, and what aspects of the project will be verified.

### **3.5.1.4 Leakage and Final Disposition**

Leakage is the loss of reported project and activity benefits resulting from events occurring outside the project boundary. In some cases, the effects of leakage may be beyond the control of the project applicant and other project participants, but are nonetheless real and should be assessed and reported, or accounted for by developing a comprehensive, detailed reference case. In other cases, the effects of leakage can be mitigated by appropriate project design.

There are four types of potential leakage the project proposal should try to identify and either account for or mitigate. *Outsourcing* is the contracting out of emissions-producing activities. Emissions are merely shifted from the project to a source (or sources) outside of the project boundary. *Life-Cycle Effects* are shifts in emissions that occur as a result of the secondary, or downstream, impacts in the regional production chain caused by changes in harvest levels and/or practices. *Market Leakage* refers to emission reductions at a given site that are offset because of residual market demand. *Demand-Based Leakage* is similar to market leakage except that there is no formally, defined market for the forest products and land resources affected by project activities, but emissions benefits are still lost as a result of shifting activities such as housing and fuel-wood needs to other areas or regions.

- a) Your proposal should identify both *on-site* and *off-site* “leakage” effects of the project, i.e., activities not directly related to the project that could result in the loss or reversal of accrued greenhouse gas benefits. Describe the steps being taken to reduce the risks of potential leakage or to insure that the benefits of the proposed project will not be lost or reversed in the future due to leakage. Specify the parties responsible for carrying out these steps.
- b) To the extent practicable, identify the likely final disposition of the project site after the project’s lifetime.

### **3.5.2 Accuracy and Credibility of Greenhouse Gas (GHG) Emissions and Emissions Reductions Calculations**

Accuracy and credibility of greenhouse gas emissions reductions from the project activity should be provided in a clear manner. In general, the quantity of GHG reductions represented by a project is estimated as the *difference* between (1) the emissions when the project is in place and (2) baseline emissions from a reference case representing the emissions that would have resulted if the project was not implemented. It follows from this that the project itself must represent *additional* actions, above and beyond current practice and/or typical practice in the industry. Also note that, in the case of methane projects, it is sometimes easier and more accurate to measure the emission reductions directly than to estimate them as the difference in a before-and-after situation. This section of our RFP describes these topics.

Your proposal should summarize the emission reductions of your project. Table 3.5.2 presents our preferred format for summarizing these emission reductions. This spreadsheet summarizes emissions by year and by type of greenhouse gas, and takes into consideration the different Global Warming Potential (GWP) of the different gases. We encourage you to download this as an Excel spreadsheet by going to our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), and clicking on “Tools & Assistance”. Please follow these guidelines to the extent possible. We recognize that while this table can summarize the GHG reductions, your particular project may need additional explanation and/or spreadsheets to develop the inputs to be used for Table 3.5.2.

**Table 3.5.2  
Sample Summary Table for GHG Emission Reductions by Year**

Year	GHG Reductions (in metric tonnes, full molecular weight)						CO2-equivalent of GHG reductions (metric tonnes)				
	CO2	Other CO2	CO2	Methane	N2O	SF6	CO2 (net)	Methane	N2O	SF6	TOTAL CO2-equivalent
	reductions	reductions	emissions (negative #)	Reductions	Reductions	Reductions					
2005	10		-15	8			-5	184	0	0	179
2006	12		-20	8			-8	184	0	0	176
2007	12		-20	8			-8	184	0	0	176
2008	12		-20	8			-8	184	0	0	176
2009	15		-20	8			-5	184	0	0	179
2010	15		-20	8			-5	184	0	0	179
2011	20		-20	8			0	184	0	0	184
2012	20		-20	8			0	184	0	0	184
2013	20		-20	8			0	184	0	0	184
2014	15		-20	8			-5	184	0	0	179
2015	15		-20	8			-5	184	0	0	179
2016	12		-20	8			-8	184	0	0	176
2017	12		-20	8			-8	184	0	0	176
2018	10		-20	8			-10	184	0	0	174
2019	10		-20	8			-10	184	0	0	174
2020	10		-20	8			-10	184	0	0	174
2021							0	0	0	0	0
2022							0	0	0	0	0
2023							0	0	0	0	0
2024							0	0	0	0	0
2025							0	0	0	0	0
2026							0	0	0	0	0
2027							0	0	0	0	0
2028							0	0	0	0	0
2029							0	0	0	0	0
2030							0	0	0	0	0
2031							0	0	0	0	0
2032							0	0	0	0	0
2033							0	0	0	0	0
2034							0	0	0	0	0
2035							0	0	0	0	0
<b>TOTALS</b>	<b>220</b>	<b>0</b>	<b>(315)</b>	<b>128</b>	<b>0</b>	<b>0</b>	<b>(95)</b>	<b>2,944</b>	<b>0</b>	<b>0</b>	<b>2,849</b>

*Note: You can download this table as an Excel spreadsheet from our website at [www.iuep.org/RFP2006](http://www.iuep.org/RFP2006), and clicking on “Tools & Assistance”.*

### 3.5.2.1 Reference Case (Baseline) and Additionality

Your project proposal needs to describe a *reference case*, that is, a baseline projection of what is likely to happen *without* the proposed project activities. This reference case serves as the point of comparison to your project. Since your project represents a change to this reference case, we are necessarily describing a hypothetical scenario that will probably no longer exist if your project is developed. Accordingly, we are asking that your reference case projection be a good-faith description based upon current and anticipated laws and regulations, current industry practice, and reasonable expectations of trends in the industry.

This reference case should describe existing technology and/or practices at the site and associated sources and sinks of greenhouse gases, while accounting for any external factors that may influence emission rates (*e.g.*, technological progress, population growth, economic development, or shifts in relevant product prices) as you project the baseline into the future. The reference case should include emissions from all sources by all sinks relevant to the project. The emissions should be listed by gas for each year of the project’s life.

Related to this reference case and your project is the concept of *additionality*. Project applicants will need to demonstrate that the project produces emission reductions above and beyond the reference case. This additionality requirement is *not* intended to exclude projects which are otherwise profitable or cost-effective. However, the credibility of your project's effectiveness will be undermined if it is simply repackaging activities without change from what would otherwise be undertaken.

"Additionality," as sought in this RFP, refers to a project that is above and beyond a reference case's legal and technical criteria. Financial additionality is not a requirement. To illustrate what we mean by legal additionality, we use as an example methane capture from U.S. landfills. In 1996, the U.S. Environmental Protection Agency issued its Landfill Rule, requiring larger landfills to collect landfill gas and either flare it or use it in an energy recovery system. Accordingly, in the U.S., landfill gas collection would not be considered as additional for a large landfill, but could be for a smaller one below the size threshold. The technical additionality will depend upon the current industry practice and reasonable expectations of trends in the industry. If small landfills are also collecting landfill gas, or are beginning to do so in greater numbers even though not required, then a project would not likely be considered as "additional". However, if your project proposed to use the landfill gas in an energy recovery system when typical industry practice was only to flare it, then that portion of your project could be considered as additional. Similarly, a project that collected and/or used landfill gas more efficiently than typically seen in the industry could be considered as additional, at least in part.

### **3.5.2.2. Project Case**

Your project proposal should next provide projections for greenhouse gas emissions if your project is undertaken. As with the reference case, the emissions should be listed by gas for each year of the project's life. This section should, if applicable, include:

- a) A description of methods and procedures used to estimate emissions and emission reductions.
- b) A table (or an attachment) presenting the actual calculations for the reference case, the project case, and the GHG emission reduction. All relevant greenhouse gases should be included by gas.
- c) All assumptions used in both the reference case and project case calculations, including external factors influencing greenhouse gas emissions over the term of the project (both in the absence of the project and with the project), relevant product prices and sales, effects of regulations, regional population projections, and general economic and technological trends.
- d) Identification and discussion of the key uncertainties affecting all emissions estimates.
- e) References and citations for all models, methods, and data used in the process.

- f) Information on the period of time over which emission reductions will accrue.
- g) The amount of GHGs reduced by year, during the life of the project. This must be presented two ways: (1) by gas, on a full molecular weight basis (i.e., carbon dioxide as CO<sub>2</sub> rather than carbon (C)), and (2) total greenhouse gases, where different GHGs are expressed on a common CO<sub>2</sub>-equivalent basis. If only CO<sub>2</sub> is reduced, then (1) and (2) would be the same. (Our on-line spreadsheet tool can do these calculations for you. Also, see Attachment A for information on converting to full-molecular weight basis, and to CO<sub>2</sub>-equivalent basis.) The life of the project is defined as the time period over which greenhouse gas benefits are counted.
- h) A discussion of the factors that could cause the anticipated greenhouse gas emissions reductions to be reversed in the future (i.e., discuss and attempt to quantify the effects that leakage has on the project's overall greenhouse gas benefits).

In describing your project and its emissions, your estimate should also include any significant anticipated indirect or secondary greenhouse gas emissions resulting from the project. These effects may be positive for your project; for example, capturing landfill gas in an energy recovery system not only reduces fugitive emissions of methane, but also reduces the amount of fuels that otherwise would have been needed, typically from conventional fossil fuel sources. On the other hand, these effects may be negative for your project, particularly if there is activity shifting to another location (sometimes referred to as "leakage"), greenhouse gas emissions from project construction, and other potential effects.

### 3.5.2.3. Estimating Emission Reductions for a Project

The amount of emissions reductions for a proposed project is typically calculated as the difference between the reference case and the project scenario. This calculation is made for each year of the project.

While this approach of "taking the difference" is somewhat standard for energy-based CO<sub>2</sub>-reduction projects, it can present some difficulties for methane projects. This is because most methane emission sources are fundamentally different from most CO<sub>2</sub> sources. Most CO<sub>2</sub> emissions can be viewed as *co-product* emissions, where the amounts of CO<sub>2</sub> are directly and immediately related to the activity's inputs. In contrast, most methane sources are *incidental* emissions, being either accidental releases or related to variable biological or geological processes. The resulting differences, particularly the differences in measurability, have important implications

A key factor in determining the proper approach is *measurability*. For many methane-related projects, it is often quite straightforward and accurate to measure the reduction of emissions (i.e., gas capture) directly, even though the actual amount of emissions in both the reference case and project scenario are uncertain. Methane *emissions* are often hard to measure because they tend to be incidental to the activity causing the emissions and arise from many diffuse points, often

small individually but collectively large. However, where gas capture systems are in place, measurement of emissions *reductions* can often be readily determined – whatever is captured is a reduction.

This uncertainty has implications for developing reference cases for methane projects. When emissions from a source cannot easily be measured, it becomes more difficult to use before and after cases as a basis for quantifying reductions. Emissions are particularly uncertain where gas capture systems are not in place, and where total waste-in-place is uncertain. In this case, emissions in both the reference case and the project scenario are hard to measure and considerably uncertain, but the emission reductions can be easily and accurately measured.

In all cases, your proposal should include both a reference case and the project case, and present good-faith estimates of the GHG emissions for each. However, when emission reductions are more accurately and appropriately measured directly (as is the case with many methane-related projects), then your proposal should use that direct measurement of reductions instead of the difference between the two harder-to-measure before and after scenarios.

### **3.5.3 Technical Qualifications and Experience of Project Applicant and Other Project Participants**

Project applicants should summarize the experience of both the organizations and key personnel involved in implementing the proposed project, as well as the role each organization will play. This summary should include the experience of both the organization(s) and key personnel with implementing similar projects and/or with conducting work in the proposed country/region. The following information should also be provided for all organizations involved in the project implementation:

- a) The name, address, contact person, telephone number, fax, and e-mail (where available) for all relevant organizations.
- b) Description of all organizations involved, including type (*e.g.*, private, NGO, advocacy), history (*e.g.*, when founded, current size), expertise, and capability to perform their proposed task.

The following information should also be provided as part of §3.7 of your proposal, “Supporting Documentation and Agreements”:

- c) Resumes (no more than two pages each) for key personnel involved in project implementation, including their education, years with the organization, and relevant work experience.
- d) For each of the key personnel, a brief description stating their contribution and level of commitment over the life of the project.

- e) Project descriptions for all organizations illustrating their experience with implementing similar projects and/or their experience working in the proposed country/region (no more than five pages total for each organization).

### **3.5.4 Evidence of Local or National Support**

The acceptability of projects to the national, regional, and local governments and stakeholders of the region in which the project is to be implemented are critical to overall project success. Numerous studies have found that active local participation can enhance the success and durability of a project. To assist in evaluating local and national acceptance of a project, as well as the region's political and economic stability, applicants should provide the following information, as applicable:

- a) A summary of the political and economic stability of the region, including an assessment of the possibility of local and/or regional political and economic instability and how this may affect project performance.
- b) A description of any active participation in the project by local communities.
- c) If applicable, any written agreements, documentation, or evidence that the proposed project has been, or is likely to be, accepted by the host country/state/city government as well as any other potential stakeholders (*e.g.*, conservation groups). This information should be provided for both domestic and international projects, and should be clearly referenced in the main body of the proposal. Specific agreements and documents can be included as an attachment.

### **3.5.5 Non-GHG Environmental Impacts & Social and Economic Impacts**

Although the primary goal of the program is to identify and participate in economic efficiency projects that reduce greenhouse gas emissions, it is important that projects contribute to the other objectives of the program as well, such as promoting environmental stewardship and advancing the state of knowledge regarding options for mitigating greenhouse gas emissions. Therefore, non-greenhouse gas environmental and non-environmental benefits of the proposed project will be considered in the evaluation process. Such benefits, which should be described in this section, might include job creation, technology transfer, capacity building, and the promotion of sustainable development.

Applicants should also describe any significant negative non-greenhouse gas environmental and non-environmental impacts that are anticipated as a result of specific measures to reduce/sequester emissions, such as effects on economic activities, migration, and culture. Along with a description of these negative impacts, the project applicant should discuss any measures that will be taken to mitigate their effects.

## **3.6 INSTRUCTIONS FOR COST AND REVENUE PROPOSAL**

In this section we ask that you provide us with information on estimated project costs and revenues, including in-kind contributions and other sources of financing. Your proposal should clearly present the inputs and assumptions used in deriving these estimates.

The IUEP needs to be able to assess the validity of your estimates and compare your project's financial reliability against that of other projects under consideration. We also want to calculate ratios on the level of cost sharing and the costs per ton of greenhouse gases reduced. This will enable us to make efficient use of our available funding resources.

In your proposal, the total length of this section does not need to be lengthy. For example, your proposal could consist of a few pages of narrative text, plus the few supporting tables we describe in the following paragraphs. As you see appropriate, you may include additional spreadsheets or other supporting materials in the Appendices (see Section 3.7).

Just as you estimated greenhouse gas reductions by year of the project, we also ask that costs and revenues be presented by year over the project lifetime. This will allow us to incorporate the time value of money (also known as "discounting") into our calculations, as well as inflation effects.

While adherence to these guidelines is strongly recommended, we recognize that in some cases other approaches and formats may be suitable. If you choose to follow another approach, be sure that all assumptions are clear and that your calculations are reproducible.

### **3.6.1 Project Costs, by Year**

This section of your proposal should describe the actual costs associated with developing and operating the project over its lifetime. It is understood that for projects in initial stages of development, these estimates of costs and revenues may be quite broad or uncertain. Proposals will be evaluated, however, on the credibility of the cost estimates presented in this section, as well as on their correspondence to the management plan and proposed and existing financing arrangements.

Your proposal may include various costs that are met by in-kind contributions, for example, office space, supplies, or staff time that are directly or indirectly attributable to the project. Such in-kind contributions are often a valuable component of making a project economically viable. *Third party in-kind contributions* are contributions provided by parties other than the grantee. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. All in-kind contributions to the project are allowed to be used to meet the cost share requirement, with the exception for any costs met with Federal funds from any source.

In order that we can attain a proper understanding of the overall project viability, you should identify all in-kind contributions that are a part of your project, and whether the contribution is from a third party or from your own organization (an "in-house" contribution). To illustrate our preferred treatment of in-kind contributions, consider the following example. As part of a project proposal, the developer has been offered rent-free use of a warehouse building owned by a third

party. The fair market value rental of the building is \$10,000 per year, and the project developer would have needed to pay this much (for this building or a comparable one) if the use of this one had not been donated. Since a warehouse is necessary to this project, warehouse space is appropriately considered to be a cost, and should be entered in this section irrespective of whether the building was rented or donated. However, since the use of this building was donated by a third party, the value of that donation should also be considered as revenue to the project, and identified as an in-kind contribution. Overall, the effect is the same as if someone had offered the developer \$10,000 per year in cash to go lease such a facility at market rates.

If the in-kind contribution is from the project developer directly (an “in-house” contribution), rather than a third party, you should still identify what the in-kind contributions are, and the costs that are being met by them. However, because these in-house contributions are not third party, you should not show their value as a part of the project revenue.

When we review your project costs, we will need to evaluate them relative to other proposals we receive. To help us ensure that we understand your proposal, we ask that you pay careful attention to your presentation and handling of (1) currency exchange rates and (2) assumed rates of inflation. Our spreadsheet tools on our website can be helpful on these points.

- ***Currency Exchange Rates.*** Your project costs may already be expressed in terms of U.S. dollars. However, in many cases most of the costs will have originally been developed in terms of the currency of the country in which the project is planned. If so, this is acceptable, and we ask only that the total of the costs in any year be converted into U.S. dollars. Use an accepted source for the exchange rate, such as the Wall Street Journal, and be sure to indicate the source and date of publication for the exchange rate. Include the US\$-equivalent values in the annual total net costs.
- ***Assumed Rates of Currency Inflation.*** Your project costs may or may not have built in expectations of future currency inflation. When an inflation rate is assumed, costs are said to be expressed in “nominal” units (e.g., dollars). “Nominal” dollars are distinct from “real” or “constant” dollars, which represent the value in today’s dollars, and do not include any escalation to account for inflation.

When future costs assume inflation, they need to be “deflated” to express them in terms of constant dollars; for example, if five percent annual inflation is assumed, then \$105 dollars one year from now is the same as \$100 one year from now when no inflation is assumed. Your project costs can be shown with or without built-in inflation, whichever you prefer, but the assumed inflation rate must be indicated. If you are presenting your costs in “constant” units, then the assumed rate of inflation can be shown as zero percent.

Note that the assumed rate of inflation is different from the *discount rate*, which represents the time value of money. The discount rate will be used in Section 6.3 to express the costs and revenues over time into their equivalent “present value”. As

will be seen, the discount rate will take into account the time value of money (“real” discount rate) as well as the assumed rate of inflation.

Table 3.6.1 presents our preferred format for indicating your project costs. You may wish to download this as an Excel spreadsheet by going to our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), and clicking on “Tools & Assistance”. Please follow these guidelines to the extent possible:

- Report the estimated costs of the project, in the currencies in which they occur, for each year of the project. Indicate the currency clearly. Include all costs associated with the start up, operation, and maintenance of the project. Allocate costs into relevant categories such as: land rental or purchase; equipment purchase or rental; materials (e.g., pipes); overhead and fees; labor.
- Indicate the inflation rate assumed in your estimates. This will be the same inflation rate you will also use in the tables showing project revenues. If you are showing your costs in “real” costs that exclude inflation, then enter zero percent for the inflation rate.

Project applicants should also provide any additional information that would reflect on the accuracy and credibility of the cost calculations. For example:

- Provide documentation or explanation of key assumptions and data used in the cost calculations. Focus on key assumptions and areas that are critical to the cost performance of the project.
- Describe any costs reserved to cover contingencies (e.g., replanting after seedling loss due to drought or disease).
- If the project was initiated prior to 2006, provide some statement of previously incurred costs and any financing received that is not duplicative of the current financing requirements.
- For projects with non-U.S.-based participants, applicants should assess, if only qualitatively, the potential impact of expenditures in currencies other than US\$ on project cost performance. For example, to assist in the evaluation of potential benefits and risks associated with currency devaluation and/or appreciation, project applicants may wish to provide information on government policies on controls of exchange rates, prices, or wages; recent historical data on exchange rate fluctuations of the foreign currency vis-a-vis US\$; and any expert forecasts of future exchange rates.
- Project applicants should indicate which costs they can guarantee in 2006 US\$ terms, and which costs will depend on factors other than changes in US\$ exchange rates and inflation rates (e.g., changes in the price of oil, in wages, or in other costs that differ from the rate of inflation).

**Table 3.6.1**  
**Sample Summary Table for Project Costs by Year**

Currency:  
 Host Country: Italy (for example, Chile, Turkey, etc.)  
 Units: Euro (for example, pesos, Euros etc.)  
 Exchange Rate: 0.7728 (# of host country units per U.S. dollar)  
 Exchange Rate source: WSJ, 25-Mar-2005 (for example, Wall St. Journal (note the date), etc.)

Assumed future inflation:  
 (% per year) 4.0% (for example, 4% per year)

Discount Rate:  
 (real %, net of inflation) 6.0% (this is fixed by IUEP for all of our evaluations)

Make entries *only* in the shaded spaces below. The other parts of the worksheet contain formulas that should not be changed.

Year	Costs, in local currency (Euro)						Total, local currency	Exchange Rate	Total, U.S. dollars
	capital	labor	materials	other	overhead	fees			
2004 and before							0	0.7728	\$ -
2005	1000	500	250		275		2025	0.7728	\$ 2,620
2006	1000	500	250		275		2025	0.7728	\$ 2,620
2007	1000	500	250		275		2025	0.7728	\$ 2,620
2008	1000	500	250		275		2025	0.7728	\$ 2,620
2009	1000	500	250		275		2025	0.7728	\$ 2,620
2010	1000	500	250		275		2025	0.7728	\$ 2,620
2011	1000	500	250		275		2025	0.7728	\$ 2,620
2012	1000	500	250		275		2025	0.7728	\$ 2,620
2013	1000	500	250		275		2025	0.7728	\$ 2,620
2014	1000	500	250		275		2025	0.7728	\$ 2,620
2015	300	100	75		80		555	0.7728	\$ 718
2016	300	100	75		80		555	0.7728	\$ 718
2017	300	100	75		80		555	0.7728	\$ 718
2018	300	100	75		80		555	0.7728	\$ 718
2019	300	100	75		80		555	0.7728	\$ 718
2020	300	100	75		80		555	0.7728	\$ 718
2021							0	0.7728	\$ -
2022							0	0.7728	\$ -
2023							0	0.7728	\$ -
2024							0	0.7728	\$ -
2025							0	0.7728	\$ -
2026							0	0.7728	\$ -
2027							0	0.7728	\$ -
2028							0	0.7728	\$ -
2029							0	0.7728	\$ -
2030							0	0.7728	\$ -
2031							0	0.7728	\$ -
2032							0	0.7728	\$ -
2033							0	0.7728	\$ -
2034							0	0.7728	\$ -
2035							0	0.7728	\$ -
<b>TOTALS</b>	<b>11,800</b>	<b>5,600</b>	<b>2,950</b>	<b>0</b>	<b>3,230</b>	<b>0</b>	<b>23,580</b>	<b>\$</b>	<b>30,512.42</b>

*Note: You can download this table as an Excel spreadsheet from our website at [www.iuep.org/RFP2006](http://www.iuep.org/RFP2006), and clicking on "Tools & Assistance".*

- Indicate the currency used in your estimates, and show the exchange rate (i.e., "x" units of local currency per U.S. dollar).
- Show the totals over the project lifetime for each of the cost columns. Also show the U.S. dollar equivalent of the total costs for each year, using the exchange rate you have indicated. If you are using the Excel spreadsheet downloaded from our website, these calculations should be made automatically.

### 3.6.2 Project Revenues, by Year

This section should describe the actual revenues associated with developing and operating the project over its lifetime. “Revenues”, as used here, refers both to cash values received as well as third-party in-kind contributions and any cash savings from avoiding other costs. For example, a landfill gas project may capture methane and sell it as a fuel. If it does so, then the sale of the gas will result in revenues that should be shown as part of the project. Alternatively, instead of selling the methane it may be used for electricity generation. In that case, the “revenues” might consist of the money not spent on purchasing fuel.

As discussed in §3.6.1, your proposal may include various in-kind contributions, for example, office space and labor contributions that are essentially donated and not charged at market prices. Such in-kind contributions of goods and services are often a valuable component of making a project economically viable. Where the in-kind contribution is from a third party, the value of that donation should also be considered as revenue to the project, and identified in this section as an in-kind contribution. Thus, these third-party in-kind contributions are included in both your project costs and project revenues, where the two listings are in equal amounts and at market prices. However, when the in-kind contribution is from the project developer directly (an “in-house” contribution) rather than a third party, you should not show their value as a part of the project revenue, although you should still identify what the in-kind contributions are, and the costs that are being met by them.

As with the estimates of project costs, we will need to evaluate them relative to other proposals we receive. To help us ensure that we understand your proposal, we ask that you pay careful attention to your presentation and handling of (1) currency exchange rates and (2) assumed rates of inflation.

Table 3.6.2 presents our preferred format for summarizing your project revenues. You may wish to download this as an Excel spreadsheet by going to our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), and clicking on “Tools & Assistance”. Please follow these guidelines to the extent possible:

- Report the estimated revenues of the project, in the currencies in which they occur, for each year of the project. Indicate the currency clearly. Include the revenues resulting from the direct sale of products, as well as “revenue” comprised of cash savings from avoiding other costs.

Indicate the inflation rate assumed in your revenue estimates. This will be the same inflation rate you previously used in the tables showing revenue and project costs. If you are showing your costs in “real” costs that exclude inflation, then enter zero percent for the inflation rate..

## Table 3.6.2 Sample Summary Table for GHG Project Revenues by Year

**Currency:**  
**Host Country:** Italy (for example, Chile, Turkey, etc.)  
**Units:** Euro (for example, pesos, Euros etc.)  
**Exchange Rate:** 0.7728 (# of host country units per U.S. dollar)  
**Exchange Rate source:** WSJ, 25-Mar-2005 (for example, Wall St. Journal (note the date), etc.)

**Assumed future inflation:**  
 (% per year) 4.0% (for example, 4% per year)

**Discount Rate:**  
 (real %, net of inflation) 6.0% (this is fixed by IUEP for all of our evaluations)

Make entries *only* in the shaded spaces below. The other parts of the worksheet contain formulas that should not be changed.

Year	Project Revenues, in local currency (Euro)					Total, local currency	Exchange Rate	Total, U.S. dollars
	Sales	Avoided Costs	In-kind contributions	other	other			
2004 and before						0	0.7728	\$ -
2005	600	200	200			1000	0.7728	\$ 1,294
2006	600	200	200			1000	0.7728	\$ 1,294
2007	600	320	200			1120	0.7728	\$ 1,449
2008	600	320	200			1120	0.7728	\$ 1,449
2009	600	320	200			1120	0.7728	\$ 1,449
2010	600	320				920	0.7728	\$ 1,190
2011	600	320				920	0.7728	\$ 1,190
2012	600	320				920	0.7728	\$ 1,190
2013	600	320				920	0.7728	\$ 1,190
2014	600	320				920	0.7728	\$ 1,190
2015	600	320				920	0.7728	\$ 1,190
2016	600	320				920	0.7728	\$ 1,190
2017		320				320	0.7728	\$ 414
2018		200				200	0.7728	\$ 259
2019		200				200	0.7728	\$ 259
2020		200				200	0.7728	\$ 259
2021		200				200	0.7728	\$ 259
2022		200				200	0.7728	\$ 259
2023		200				200	0.7728	\$ 259
2024		200				200	0.7728	\$ 259
2025		200				200	0.7728	\$ 259
2026		200				200	0.7728	\$ 259
2027		200				200	0.7728	\$ 259
2028						0	0.7728	\$ -
2029						0	0.7728	\$ -
2030						0	0.7728	\$ -
2031						0	0.7728	\$ -
2032						0	0.7728	\$ -
2033						0	0.7728	\$ -
2034						0	0.7728	\$ -
2035						0	0.7728	\$ -
<b>TOTALS</b>	7,200	5,920	1,000	0	0	14,120		\$ 18,271.22

*Note: You can download this table as an Excel spreadsheet from our website at [www.iuep.org/RFP2006](http://www.iuep.org/RFP2006), and clicking on "Tools & Assistance".*

- Show the totals over the project lifetime for each of the revenue columns. Also show the U.S. dollar equivalent of the total revenues for each year, using the exchange rate you have indicated. If you are using the Excel spreadsheet downloaded from our website, these calculations should be made automatically.

- Project applicants should also provide any additional information that would reflect on the accuracy and credibility of the revenue calculations. For example:

- Provide documentation or explanation of key assumptions and data used in the revenue calculations. Focus on key assumptions and areas that are critical to the performance of the project. For example, if a landfill gas project is selling the gas, both the quantities of gas and the sales price are key assumptions.

### **3.6.3 Summary of Costs, Revenues, and GHG Reductions**

Sections 3.6.1 and 3.6.2 developed summary tables for the projects anticipated costs and revenues. In this section you are to combine these into a net cost figure, and compare these net costs to the anticipated reductions in greenhouse gases.

Tables 3.6.1 and 3.6.2 were designed to develop summaries in U.S. dollars, by year. These annual summaries will have imbedded in them the inflation assumption you have chosen, or zero percent inflation if you have chosen to present estimates in constant or “real” units. For the calculations made in this section, costs will be adjusted first to account for the inflation value, and then for the time value of money. For our evaluation, we have decided to use a six percent (6.0%) real discount rate (i.e., not including inflation) to adjust these future cash flows. We also wish to examine the effect of discounting the future GHG reductions, as some have argued that near-term reductions should be valued more highly than those more distant in time.

Table 3.6.3 presents our preferred format for summarizing your projects present value calculations. You may wish to download this as an Excel spreadsheet by going to our website at [www.iuep.org/RFP2006/](http://www.iuep.org/RFP2006/), and clicking on “Tools & Assistance”. By using our spreadsheet tools, these calculations will have already been made for you.

### **3.6.4 Requested IUEP Funding and Evidence of Financial Commitments**

IUEP contributes to projects to help get them implemented, but rarely takes on a majority role in their financing. Cost sharing, owner financing, and in-kind services are expected to be the greater part of overall project financing.

This section of your proposal should present information on the funding you are requesting from IUEP and evidence of the other funding you have for your project.

#### **3.6.4.1 Requested IUEP Funding**

Indicate the amount and timing of the funds requested from IUEP with this proposal. IUEP typically makes its award payments over the first year of the project. For each payment, clearly indicate the date on which payment should be received, and the US\$ amount of the payment on that date.

### Table 3.6.3

## Sample Summary Table for Project Present Value Calculations

There are a few key values that affect several calculations across the spreadsheets. You need to enter them here once, not here, but in the shaded squares in the "Table of Contents" tab. They will be automatically transferred to the following worksheets as needed.

<b>Currency:</b>		
Host Country:	Italy	(for example, Chile, Turkey, etc.)
Units:	Euro	(for example, pesos, Euros etc.)
Exchange Rate:	0.7728	(# of host country units per U.S. dollar)
Exchange Rate source:	WSJ, 25-Mar-2005	(for example, Wall St. Journal (note the date), etc.)
Assumed future inflation:		
(% per year)	4.0%	(for example, 4% per year)
Discount Rate:		
(real %, net of inflation)	6.0%	(this is fixed by IUEP for all of our evaluations)

If you have used the other worksheets here to develop your project GHG reduction, Costs, and Revenues by year, then the values will be automatically transferred into the table below, and no further action is necessary.

Year	"Project Costs and Revenues, in local U.S. dollars"							GHG Reductions	
	Project Costs	Project Revenues	Project Costs	Inflation adjustment factor	Real Net Project Costs	Discount rate factor	P.V., Net Project Costs	Tonnes, CO2-equiv. reductions	P.V., GHG reductions
2004 and before	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2005	\$ 2,620	\$ (1,294)	\$ 1,326	1.000	\$ 1,326	1.000	\$ 1,326	179	179
2006	\$ 2,620	\$ (1,294)	\$ 1,326	0.962	\$ 1,275	0.943	\$ 1,203	176	166
2007	\$ 2,620	\$ (1,449)	\$ 1,171	0.925	\$ 1,083	0.890	\$ 964	176	157
2008	\$ 2,620	\$ (1,449)	\$ 1,171	0.889	\$ 1,041	0.840	\$ 874	176	148
2009	\$ 2,620	\$ (1,449)	\$ 1,171	0.855	\$ 1,001	0.792	\$ 793	179	142
2010	\$ 2,620	\$ (1,190)	\$ 1,430	0.822	\$ 1,175	0.747	\$ 878	179	134
2011	\$ 2,620	\$ (1,190)	\$ 1,430	0.790	\$ 1,130	0.705	\$ 797	184	130
2012	\$ 2,620	\$ (1,190)	\$ 1,430	0.760	\$ 1,087	0.665	\$ 723	184	122
2013	\$ 2,620	\$ (1,190)	\$ 1,430	0.731	\$ 1,045	0.627	\$ 656	184	115
2014	\$ 2,620	\$ (1,190)	\$ 1,430	0.703	\$ 1,005	0.592	\$ 595	179	106
2015	\$ 718	\$ (1,190)	\$ (472)	0.676	\$ (319)	0.558	\$ (178)	179	100
2016	\$ 718	\$ (1,190)	\$ (472)	0.650	\$ (307)	0.527	\$ (162)	176	93
2017	\$ 718	\$ (414)	\$ 304	0.625	\$ 190	0.497	\$ 94	176	87
2018	\$ 718	\$ (259)	\$ 459	0.601	\$ 276	0.469	\$ 129	174	82
2019	\$ 718	\$ (259)	\$ 459	0.577	\$ 265	0.442	\$ 117	174	77
2020	\$ 718	\$ (259)	\$ 459	0.555	\$ 255	0.417	\$ 106	174	73
2021	\$ -	\$ (259)	\$ (259)	0.534	\$ (138)	0.394	\$ (54)	0	0
2022	\$ -	\$ (259)	\$ (259)	0.513	\$ (133)	0.371	\$ (49)	0	0
2023	\$ -	\$ (259)	\$ (259)	0.494	\$ (128)	0.350	\$ (45)	0	0
2024	\$ -	\$ (259)	\$ (259)	0.475	\$ (123)	0.331	\$ (41)	0	0
2025	\$ -	\$ (259)	\$ (259)	0.456	\$ (118)	0.312	\$ (37)	0	0
2026	\$ -	\$ (259)	\$ (259)	0.439	\$ (114)	0.294	\$ (33)	0	0
2027	\$ -	\$ (259)	\$ (259)	0.422	\$ (109)	0.278	\$ (30)	0	0
2028	\$ -	\$ -	\$ -	0.406	\$ -	0.262	\$ -	0	0
2029	\$ -	\$ -	\$ -	0.390	\$ -	0.247	\$ -	0	0
2030	\$ -	\$ -	\$ -	0.375	\$ -	0.233	\$ -	0	0
2031	\$ -	\$ -	\$ -	0.361	\$ -	0.220	\$ -	0	0
2032	\$ -	\$ -	\$ -	0.347	\$ -	0.207	\$ -	0	0
2033	\$ -	\$ -	\$ -	0.333	\$ -	0.196	\$ -	0	0
2034	\$ -	\$ -	\$ -	0.321	\$ -	0.185	\$ -	0	0
2035	\$ -	\$ -	\$ -	0.308	\$ -	0.174	\$ -	0	0
<b>TOTALS</b>	<b>\$ 30,512</b>	<b>\$ (18,271)</b>	<b>\$ 12,241</b>	<b>18.292</b>	<b>\$ 10,666</b>	<b>14.765</b>	<b>\$ 8,626</b>	<b>2849</b>	<b>1910</b>

*Note: You can download this table as an Excel spreadsheet from our website at [www.iuep.org/RFP2006](http://www.iuep.org/RFP2006), and clicking on "Tools & Assistance".*

### **3.6.4.2 Cost Sharing**

Applicants must generally demonstrate matching funds at a minimum level of 50 percent of the total cost of the project. It is anticipated that some applicants will demonstrate cost sharing substantially greater than 50 percent. This cost share requirement may be waived by IUEP under certain circumstances, including research and development proposals, and feasibility study proposals submitted by a small business with a total cost less than \$150,000.

Your proposal should describe any anticipated or committed payments from other financing sources. The cost share requirement can be met with other non-federal grants, and/or in-kind contributions from the applicant or other partners in the project. Grants from State or local governments may also be used in cost share calculations. No U.S. Federal funds from any other source may be used to meet this cost share requirement.

Include details on the amount and timing of payments from other sources, including the estimated value of any in-kind services. State the amount and date of these other estimated and/or committed payments, and the currencies in which payments will be received. Indicate whether payments are escalated to account for inflation. If the payments include an inflation assumption (i.e., they are “nominal” values), then state the assumed inflation rate used. State the method and assumptions used to estimate the value of in-kind services.

### **3.6.4.2 In-Kind Contributions**

Cost-sharing, as described above, includes both items with a cash cost and other “in-kind” goods and services provided on a non-cash basis. These “in-kind” contributions may be provided by your organization directly or by other organizations (other than the U.S. Federal government, as noted below). Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

For our evaluation of your proposal, cost-sharing and in-kind contributions *do not include* contributions that were paid by the U.S. Federal Government under another award (except where authorized by Federal statute to be used for cost sharing or matching). Also, the value estimated for in-kind contributions of services and property shall be established in accordance with the applicable cost principles, and should generally reflect the fair market value or the value of the remaining life of the property, whichever is less.

For questions regarding the standards for cost-sharing and in-kind services, we encourage you to refer to the following documents:

<u>AUTHOR</u>	<u>DOCUMENT</u>	<u>INTERNET ADDRESS</u>
U.S. Office of Management and Budget	CIRCULAR No. A-110 (Revised): Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (see especially Part A, No. 2 – Definitions, and Part C, No. 23 – Cost-sharing or matching)	<a href="http://www.whitehouse.gov/omb/circulars/a110/a110.html#23">www.whitehouse.gov/omb/circulars/a110/a110.html#23</a>
U.S. Office of Management and Budget	CIRCULAR No. A-21 (Revised): Cost Principles for Educational Institutions	<a href="http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html">http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html</a>
U.S. Office of Management and Budget	CIRCULAR No. A-122 (Revised): Cost Principles for Non-Profit Organizations	<a href="http://www.whitehouse.gov/omb/circulars/a122/a122.html">http://www.whitehouse.gov/omb/circulars/a122/a122.html</a>
U.S. Federal Acquisition Regulations (FAR)	FAR Part 31 – Contract Cost Principles and Procedures (see especially Subpart 31.2 – Contracts With Commercial Organizations)	<a href="http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/31.htm#P178_38464">http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/31.htm#P178_38464</a>

### **3.6.5 Financial Qualifications of Project Applicant and Other Participants**

Financial qualifications will, in part, be determined through an evaluation of the financial statements and supporting documentation provided by the organizations involved in the financing of the project. The proposal will also be evaluated on the integrity and reliability of the indicated sources of project financing from the project applicant, other project participants, and other project finance sources. Therefore, this section should include detailed information on the financial stability of all organizations involved in the financing of the project and the allocation of costs across all members of the project team.

As applicable, describe the financial strength of the project applicant:

- a) Provide information on the project applicants financial and other resources for meeting project performance objectives.
- b) Provide relevant information such as audited financial statements, credit ratings, or equivalents.
- c) Provide information on any alternative assurances that can be provided, such as willingness and ability to post a performance bond.
- d) Discuss any relevant affiliations with any governmental, quasi-governmental, or non-governmental entities, and any aspects of the political and/or regulatory environment that may influence the project applicant's involvement and financial reliability of the project.

As applicable, describe how the project investment is to be allocated:

- e) Indicate the degree to which the project applicant is investing its own resources in the project.
- f) If the total project costs are not fully met by the project, then list all additional sources of project financing (including significant contributions of expertise, labor, equipment and materials, or land).

As applicable, describe the financial integrity and reliability of other financing sources:

- g) Provide information on the financial and other resources of the project participants that will assist in meeting project performance objectives.
- h) Provide relevant information, such as audited financial statements, credit ratings, or equivalents.
- i) Provide any relevant contracts, statements of intent, or guarantees from significant project participants regarding commitment to the proposed project. Include both financial arrangements and those providing in-kind services or expertise.
- j) Discuss relevant issues such as ownership, affiliations with any governmental, quasi-governmental, or non-governmental entities, and the political or regulatory environment.

### **3.7 SUPPORTING DOCUMENTATION AND AGREEMENTS**

Where applicable, this section should include copies of contractual agreements, host-country/state/city acceptance letters, public landfill concessions, resumes, project descriptions, commitment letters, greenhouse gas emissions calculations and other attachments that are referenced in the Technical and Cost Proposals. However, only *relevant* materials should be attached; do not attach extraneous documents where it is not necessary for our review. Please be certain to reference and label all attachments carefully.

### **3.8 CONFIDENTIALITY OF INFORMATION AND GENERAL RFP MANAGEMENT**

#### **3.8.1. Confidentiality and RFP Management**

- a) Each proposal submitted in response to this solicitation will become the property of the IUEP and will not be returned to the project applicant.
- b) Project proposals may include proprietary or confidential information. The IUEP will take reasonable precautions and use reasonable efforts to protect such information provided that it is clearly identified as proprietary or confidential on the page on which it appears. The IUEP reserves the right to release such information to agents or contractors for purposes of evaluating project applicants, project proposals or for other purposes in connection with processing the grant application. In no event will EEI, the IUEP, or IUEP's participating utilities and energy companies,

members, advisors, and consultants become liable for any damages resulting from any disclosure before, during, or after the solicitation process. Except as stated here, neither EEI, the IUEP, nor any participating utilities, assume any responsibility with regard to proprietary or confidential information of a project applicant.

Any project applicant who wishes a superior level of protection for proprietary or confidential information may submit a contract proposal detailing such protection. This contract proposal must be received by the IUEP sufficiently in advance of the proposal deadline to be reviewed by the IUEP and negotiated prior to the proposal deadline. The IUEP is under no obligation to accept a project applicant's proposed confidentiality arrangement.

### **3.8.2. General RFP Management**

- a) This Solicitation is not an offer to purchase any goods or services. The submission of a proposal shall not be deemed to create any rights for a project applicant and shall not be deemed to create a contract. The selection decision of the IUEP will be final and not reviewable. The IUEP reserves the right to reject any or all proposals. The selection of a proposal shall not be deemed to create any rights for a project applicant and shall not be deemed to create a contract. The IUEP reserves the right to withdraw this RFP at any time without cause and with sole discretion. Furthermore, the IUEP reserves the right to withdraw an award for any reason, including the parties' inability to successfully negotiate contract terms, or where a contract is not negotiated with the project applicant. In no event shall EEI, the IUEP, participating utilities, or any of their directors, officers, agents, employees or assigns be liable at law or at equity to any project applicant or any other party for any decision regarding acceptance, rejection or modification of a proposal, or for the failure of the parties for any reason to negotiate a contract, or in any other connection with the solicitation process.
- b) Each proposal shall identify any particular term or requirement of this RFP to which the project applicant objects. If there is no such stated objection, the project applicant is deemed to have accepted all terms of this solicitation. The willingness of a project applicant to enter into a binding contract containing these stated terms and conditions without exceptions or with minimal exceptions may be a factor in the selection of winning proposals.
- c) All costs directly or indirectly related to preparation of a response to the proposal invitation or any oral presentation that might be required by the IUEP to supplement and/or clarify a proposal shall be the sole responsibility of and shall be borne by the project applicant.
- d) The IUEP or its designee reserves the right to require relevant portions of a proposal to be incorporated by reference into a contract.

## **3.9 SPECIFIC CONTRACTUAL REQUIREMENTS**

This section describes legal and contractual terms and conditions of this solicitation, in addition to those noted previously in this RFP. The terms “project applicant” and “proposal”, as used below, should be self-explanatory. “Project” means a successful project under contract. “Contractor”, as opposed to “project applicant”, means the seller of goods or services to the IUEP under contract, with IUEP.

By submitting a proposal in response to this Solicitation, project applicant agrees to the following conditions, and agrees to the inclusion of terms in a project contract to implement these conditions:

### 3.9.1. Contract

- a) The IUEP is soliciting these proposals on behalf of itself and its individual members. While the proposal is to be submitted to the IUEP, the final purchasing party, if any, may be the IUEP, an affiliate, or one or more individual members.
- b) Project applicant is responsible for obtaining all licenses and/or permits (federal, state, local, zoning, etc.) necessary to perform its project, and must be duly qualified to do business in the country in which it will operate. In addition, project applicant shall be responsible for complying with all applicable government laws, codes, and regulations in connection with the work required by the project, including the timely preparation of progress reports and final reports required by IUEP and DOE. **For questions regarding the standards for cost sharing and valuation of in-kind contributions, we encourage you to refer to the documents identified in Section 3.6.4.2 of this RFP.** In no event shall the IUEP, DOE or its contracting designee be responsible for any cost of complying with such requirements, or for the consequences of failing to comply with such requirements.
- c) Any new valuable process or design, which is produced as a result of a project, shall be owned jointly by the Contractor and the IUEP or its designees. The project contract will include terms and conditions to protect the parties’ rights.
- d) The name and logo for the International Utility Efficiency Partnerships, Inc. (IUEP) and for the International Power Partnerships (IPP), is the property of the IUEP. No project applicant shall use these names or logos without the consent of, and only in accordance with the instructions of, the IUEP.
- e) The IUEP or its designee will have full control over publicity for approved projects. Project applicant/Contractor shall provide information or other materials requested by the IUEP in connection with the publicizing of the project.
- f) Each project contract shall contain terms limiting the liability of the IUEP or its designees for any loss or damages sustained by a Contractor except for gross negligence or willful misconduct. In no event shall the liability of the IUEP or its designees under any contract exceed the stated contract price. In no event shall the

IUEP or its designees be liable for indirect, special or consequential damages, including but not limited to lost profits. The IUEP will ask for appropriate indemnification from each contractor.

- g) All goods and services are to be furnished in accordance with generally accepted standards and practices prevailing in the applicable industry.
- h) Any dispute among the parties which concerns or relates to this Solicitation, or any resulting project, shall be submitted to binding arbitration under the rules and procedures of the American Arbitration Association. Regardless of the outcome, each party shall bear the costs of arbitration, including attorney's fees. The award of the arbitration shall be final, binding, and not appealable, and judgment thereon may be entered and enforced in any court of competent jurisdiction. Each project applicant's contract will contain an arbitration clause which specifies the place for arbitration, choice of law, deadlines, and other procedural matters.
- i) The IUEP will ordinarily require some form of security or other assurance that a project will in fact be carried out and completed as proposed. In an effort to encourage flexibility and not discourage innovation, IUEP requests that each proposal specify a method or methods by which the project applicant intends to satisfy this requirement. These methods can include but are not limited to such measures as payment schedules based on stages of performance; payment schedules based on IUEP's receipt of performance or data; holdbacks; performance tests; inspections; warranties or guaranties; performance, completion or surety bonds; bonuses for superior performance; penalties or rebates for delay or inadequate performance. IUEP will include in its evaluation the extent to which a proposal includes adequate assurances of performance commensurate with the nature and risk of the project.

### **3.9.2. Taxes**

- a) A proposal must include a valid tax identification number for the Bidder, and for each additional entity participating in the project, or include a statement as to why tax identification numbers can not be furnished.
- b) The project applicant is responsible for all applicable state, local or federal taxes.

### **3.9.3. Management of Contract**

- a) The IUEP or its designee reserves the right in its sole discretion to appoint a contract manager for each project, who will be professionally charged with supervising the implementation of each contract. Each project applicant consents in advance to the IUEP's or its designee's choice of contract manager.

## Attachment A: Conversion Factors

We recognize that different project applicants might use different system of units in their projects, since projects are worldwide in scope and span a range of greenhouse gases. We do not want to create additional burdens for you in preparing your proposal, and we will accept proposals using units most appropriate to your situation. However, we do require that all Summary data reported in the Summary Form (Attachment C) must be presented in standardized units that we can use in comparing proposals.

- metric tonnes (equal to 2205 pounds or 1.102 short tons)
- weight in carbon dioxide or CO<sub>2</sub> equivalent. For methane, use a GWP of 23 tonnes CO<sub>2</sub> for 1 tonne of methane; this is the value developed in the IPCC's Third Assessment Report (2001) and used by the U.S. Energy Information Administration in its report on [Emissions of Greenhouse Gases in the United States 2003](#))
- U.S. dollars, converted from local currency

### A.1 INSTRUCTIONS FOR CONVERTING BETWEEN METRIC AND U.S. UNITS

<b><u>To Convert from:</u></b>	<b><u>To:</u></b>	<b><u>Multiply by:</u></b>
<b>AREA</b>		
hectares	Acres	2.471
sq. kilometers	Acres	247.1
acres	Hectares	0.4047
sq. miles	Hectares	259.01
<b>WEIGHT</b>		
kilograms	short tons	$1.102 \times 10^{-3}$
kilograms	Pounds	2.205
metric tonnes	short tons	1.102
metric tonnes	Pounds	2,205
pounds	metric tones	$4.536 \times 10^{-4}$
pounds	Kilograms	0.4536
short tons	metric tones	0.9072
short tons	Kilograms	907.18
<b>VOLUME</b>		
cubic meters	cubic feet	35.31
cubic feet	cubic meters	0.02832

## **A.2 INSTRUCTIONS FOR CONVERTING CARBON TO A CO<sub>2</sub>-EQUIVALENT BASIS**

Greenhouse gas emissions are commonly expressed either in terms of carbon equivalent or carbon-dioxide (CO<sub>2</sub>) equivalent, where one tonne of carbon (C) is equal to 44/12 tonnes of CO<sub>2</sub>. For the purposes of this RFP, we are requesting that all final emissions estimates be reported on a CO<sub>2</sub>-equivalent weight basis. Therefore, some emissions estimates may need to be converted, particularly if your CO<sub>2</sub> estimates have been developed in terms of carbon (C) equivalent.

If your emission estimates are expressed in terms of carbon, you can convert them to CO<sub>2</sub> equivalent tonnes by multiplying by 44/12. For example, 1000 tonnes of carbon is equal to 1000 \* 44/12 = 3667 tonnes of CO<sub>2</sub>.

Similarly, if your cost estimates are expressed in terms of \$ per tonne of carbon, you can convert them to CO<sub>2</sub> equivalent tonnes by dividing by 44/12 (or, alternatively, multiplying by 12/44). For example, a cost of \$10 per tonne of carbon is equal to \$10 / (44/12) = \$3.67 tonne of CO<sub>2</sub>.

## **A.3 INSTRUCTIONS FOR CONVERTING OTHER GHGS TO A CO<sub>2</sub>-EQUIVALENT BASIS**

Some projects may accrue greenhouse gas benefits in addition to, or other than, CO<sub>2</sub> (*e.g.*, CH<sub>4</sub> and N<sub>2</sub>O emissions may also be reduced as a result of project activities). In particular, a major change reflected in this year's RFP is to include projects that reduce emissions of methane, a potent greenhouse gas. In order to calculate the *total* greenhouse gas emissions, it is necessary that all gases must be converted into a common metric. For the purposes of this RFP, if a gas other than CO<sub>2</sub>, or more than one greenhouse gas, is involved in a project, the total emissions reduction of the project should be reported on a CO<sub>2</sub>-equivalent basis.

Global Warming Potentials (GWPs) are used to compare the abilities of different greenhouse gases to trap heat in the atmosphere. The GWP of the emission of a greenhouse gas is the ratio of global warming, or radiative forcing (both direct and indirect), from one kilogram of a greenhouse gas to one kilogram of carbon dioxide (CO<sub>2</sub>) over a period of time (the IPCC uses 20, 100, and 500 years). The GWP provides a means for converting emissions of various gases into a common measure, which allows climate analysts to aggregate the radiative impacts of various greenhouse gases into a uniform measure denominated in carbon or carbon dioxide equivalents.

All non-CO<sub>2</sub> emission reductions should be converted to a CO<sub>2</sub>-equivalent basis using the Global Warming Potentials (GWPs) of the IPCC's Third Assessment Report (2001). These are the same GWP values used by the U.S. Energy Information Administration (EIA) in its December 2004 report on [Emissions of Greenhouse Gases in the United States 2003](#), and reflects EIA's attempt to employ the most recent data sources for its greenhouse gas estimates. The 100-year GWPs for selected gases provided in the table below should be used for any CO<sub>2</sub>-equivalent calculations conducted in this proposal.

In particular, we draw your attention to the GWP for methane, since methane reduction projects are a particular interest of this RFP. In the IPCC's 2001 Third Assessment Report, the GWP was revised to 23. This is higher than the GWP of 21 developed in the IPCC's 1996 Second Assessment Report, and which is still used for certain UNFCCC Reporting.

<b>Global Warming Potentials of Selected Greenhouse Gases (100-year time horizon)</b>	
<b>Greenhouse Gas</b>	<b>GWP</b>
Carbon Dioxide (CO <sub>2</sub> )	1
Methane (CH <sub>4</sub> )	23
Nitrous oxide (N <sub>2</sub> O)	296
SF <sub>6</sub>	22,200
Source: IPCC's Third Assessment Report (2001), and U.S. Energy Information Administration (EIA), <a href="#">Emissions of Greenhouse Gases in the United States 2003</a> , December 2004, page 12.	

## Attachment B: Transmittal Letter

*Each project applicant shall submit a Transmittal Letter in the same form as set forth below. The letter must be signed by an individual with authority to commit the project applicant to the project as described in the proposal.*

*You can download this attachment as a WORD file from our website at [www.iuep.org/RFP2006](http://www.iuep.org/RFP2006), and clicking on "Tools & Assistance".*

**[Date]**

Mr. Donald M. McKinnon  
Program Manager, IUEP  
2000 L Street, NW, Suite 805  
Washington, DC 20036

Telephone: 1-(202) 293-0078  
E-mail: [DMcKinnon@iuep.org](mailto:DMcKinnon@iuep.org)

**Subject: Transmittal letter for IUEP's 2006 RFP**

Dear Mr. McKinnon:

**[Project applicant]** hereby transmits to the International Utility Efficiency Partnerships (IUEP) a proposal in response to the Request for Proposals issued by the IUEP on January 20, 2006. This letter is **[project applicant]**'s formal offer to perform the project described in this proposal. **[Project applicant]** understands that this proposal may be reviewed, and possibly accepted, by the IUEP or by an affiliate or other entity acting on its behalf, or by one or more electric power companies that are participating in the IUEP. **[Project applicant]** further understands, and by submitting the proposal specifically agrees, that neither the IUEP, nor any utility company participating in the IUEP, is obligated to select any proposals under this RFP, or participate in any project. This proposal is valid up to and including May 15, 2006, and may be accepted by the IUEP or by the other entities designated above at any time within that period.

The individual signing this letter is authorized to commit **[project applicant]** to the project as described in the application.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# Attachment C: Project Information Summary Form (page 1 of 2)

**PROJECT NAME:** \_\_\_\_\_ **PROJECT NUMBER** \_\_\_\_\_ (for IUEP use only)

## PROJECT APPLICANT INFORMATION

Name of project applicant: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Tax Identification Number: \_\_\_\_\_

Location: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Name of Participating Organization(s): \_\_\_\_\_ Location and Tax Identification Number: \_\_\_\_\_

_____	_____
_____	_____
_____	_____
_____	_____

## PROJECT DESIGN INFORMATION

Project Type: \_\_\_\_\_

Location: \_\_\_\_\_

Project lifetime (yrs): \_\_\_\_\_ Host Country Approval of project (Y/N): \_\_\_\_\_

Area Affected: (in acres) \_\_\_\_\_ (in hectares): \_\_\_\_\_

## TECHNICAL PERFORMANCE OF PROJECT

Lifetime Emissions Reductions of the project:  
(in metric tonnes of CO<sub>2</sub>-equivalent) \_\_\_\_\_

Amount Reduced during 2006:  
(in metric tonnes of CO<sub>2</sub>-equiv.) \_\_\_\_\_

## Attachment C: Project Information Summary Form (page 2 of 2)

**PROJECT NAME:** \_\_\_\_\_ **PROJECT NUMBER** \_\_\_\_\_ (for IUEP use only)

**COST INFORMATION**

Amount requested from IUEP (US\$ 2006) \_\_\_\_\_

Total Lifetime Cost of the project (US\$ 2006): \_\_\_\_\_

Total Lifetime Revenue of the project (US\$ 2006): \_\_\_\_\_

Present Value (P.V.), net project costs (US\$ 2006): \_\_\_\_\_

Cost per tonne of GHG reductions (CO<sub>2</sub> equivalent): \_\_\_\_\_

(P.V., net project costs/ tonnes CO<sub>2</sub>-equivalent): \_\_\_\_\_

IUEP Cost per Ton of CO<sub>2</sub> Reduced: \_\_\_\_\_

(IUEP US\$ 2006/tonnes CO<sub>2</sub>-equivalent): \_\_\_\_\_

**TECHNICAL CREDIBILITY**

Who will be Implementing the project:  
(Organization/Contact/Location): \_\_\_\_\_

Who will be Conducting the Monitoring  
(Organization/Contact): \_\_\_\_\_

**FINANCIAL CREDIBILITY**

How much are you investing in this project (US\$ 2006 and % of Total Cost): \_\_\_\_\_

Percent of Total Costs Borne by the IUEP: \_\_\_\_\_

Other Financing Sources Already Secured (US\$ 2006 and % of Total Cost, by source):

<u>Financing Source</u>	<u>US\$ 2006</u>	<u>Percent (%) of Total Costs</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____