

BOARD MEETING DATE: January 10, 2025

AGENDA NO. 30

PROPOSAL: Select Third Party Contractors to Administer Go Zero Pilot Incentive Program

SYNOPSIS: South Coast AQMD released RFP #P2025-01 in August 2024 to solicit proposals for third-party contractor(s) to administer sub-projects of the Go Zero incentive program. Staff from South Coast AQMD and California Air Resources Board evaluated the proposals and is providing recommendations for third-party contractors to implement each sub-project. Go Zero will be initially funded up to \$21 million from mitigation fees collected under the alternative compliance options for residential space heating appliances maintained in the Rule 1111 Air Quality Investment Fund (27), approved in August 2024 at RFP #P2025-01 release.

COMMITTEE: Stationary Source, December 20, 2024, Reviewed

RECOMMENDED ACTIONS:

Authorize the Chair (or by the Chair's designation, the Executive Officer) to execute contracts from the Rule 1111 Air Quality Investment Fund (27) with:

1. Electric & Gas Industries Association (EGIA) in an amount not to exceed \$9,000,000 to administer single family rebates;
2. Willdan Energy Solutions in an amount not to exceed \$10,000,000 to administer multifamily and small business rebates;
3. The Energy Coalition in an amount not to exceed \$1,800,000 to conduct installer training and 80 percent of outreach and application assistance; and
4. Community Connections, LLC in an amount not to exceed \$200,000 to conduct 20 percent of outreach and application assistance.

Wayne Nastri
Executive Officer

Background

The 2022 AQMP is a blueprint for measures that are needed for the South Coast Air Basin to meet the ozone NAAQS. In order to meet state and federal air quality standards and provide clean air to the 17 million residents within the South Coast AQMD, the 2022 AQMP relied on the deployment of zero-emission technologies, wherever feasible. To partially implement the AQMP, South Coast AQMD is developing zero-emission NOx standards for residential and commercial space and water heating appliances.

One challenge for the widespread implementation of zero-emission residential and commercial space and water heating appliances is the cost, particularly for residents in overburdened communities. Through the 2022 AQMP Resolution, the Board directed staff to work with stakeholders to develop concepts for a funding program to incentivize the transition to zero-emission technologies, with a strong emphasis on incentivizing zero-emission technologies in overburdened communities. Substantial incentive funds and programs are needed to address the potentially significant cost of adopting zero-emission appliances for these communities to implement zero-emission technologies in an equitable way.

Go Zero Pilot Incentive Program

The objectives of the Go Zero pilot incentive program are divided into five sub-projects funded with \$21 million from the Rule 1111 Air Quality Investment Fund (Fund 27). A third-party contractor could submit a bid for any or all sub-projects, which include:

- Sub-Project 1: Rebate program for single family space and water heating appliances, or other single-family appliances included in future modified phase(s) (\$9 million);
- Sub-Project 2: Rebate program for multifamily space and water heating appliances, or other multifamily appliances included in future modified phase(s) (\$5 million);
- Sub-Project 3: Rebate program for small business water heating appliances, or other small business appliances included in future modified phase(s) (\$5 million);
- Sub-Project 4: Training program for installers of zero-emission space and water heating appliances (\$1 million); and
- Sub-Project 5: Targeted outreach and application assistance to residents in overburdened communities (\$1 million).

At least 75 percent of the rebate funding (single family, multifamily, and small business rebates) will be dedicated to those applying from overburdened communities, identified under Senate Bill 535 (De León, Statutes of 2012)

(<https://oehha.ca.gov/calenviroscreen/sb535>) or through participation in the utility

California Alternate Rates for Energy or Family Electric Rate Assistance discounted rates programs which are financial assistance programs helping qualifying families lower their monthly energy bills.

RFP Release

Following the Board's approval on August 2, 2024, RFP #P2025-01 was issued to solicit proposals from qualified applicants to serve as third-party contractor(s) to administer the five sub-projects. A Bidders' Conference was held on August 28, 2024, and the deadline for proposals was September 27, 2024, at 1:00 p.m. PT.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers.

Additionally, potential bidders were notified utilizing South Coast AQMD's electronic listing of certified minority vendors. Notice of the RFP was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on South Coast AQMD's website (<http://www.aqmd.gov>).

Staff conducted outreach alongside rulemaking for space heating and water heating zero-emission standards, presented on Go Zero at many meetings with various local governments, utility providers, other rebate program administrators, and environmental groups since January 2024, and had considerable community engagement. Newsletters notified over 6,000 recipients, 41 California Lobbying Firms, and 108 Caucus members. Outreach ensured organizations representing large groups were included (e.g., BizFed, representing more than 400,000). Several South Coast AQMD Advisor articles mentioned the program and other incentives.

Bid Evaluation

A panel of five reviewers, consisting of three panel members from South Coast AQMD's Planning, Rule Development and Implementation, one panel member from South Coast AQMD's Legislative, Public Affairs and Media, and one panel member from CARB, considered the seven submitted proposals. Each sub-project had between three to seven bidders. All bidders offered English and Spanish language support, along with any other needed language support, as was specified in the RFP. Proposals were evaluated based on the criteria outlined in the RFP.

EGIA, a non-profit company which administered the previous CleanAir Furnace Rebate Program, scored the highest for Sub-Projects 1, 2, and 3. The low 8.5 percent administrative cost was key to setting apart their total points.

Willdan Energy Solutions, a local business which had the greatest experience administering multifamily and small business incentives, had the second highest score for Sub-Projects 2 and 3; however, their high score in experience and background for Sub-Projects 2 and 3 set their proposal apart from the other bidders. Multifamily and small business are the new focus of South Coast AQMD incentive programs, and this type of experience is highly necessary.

The Energy Coalition, a non-profit, scored highest for Sub-Projects 4 and 5. For Sub-Project 4 (Installer Training), The Energy Coalition proposed the most years of training, sessions, and enrollees. For Sub-Project 5 (Outreach and Application Assistance), The Energy Coalition has relevant technical and outreach experience throughout all South Coast AQMD counties.

One bidder, Community Connections, LLC, showed strong community engagement, outreach experience, and representation of Diversity, Equity and Inclusion in Los Angeles and Orange Counties.

Proposal

For Sub-Projects 1 through 4, based on panel review scoring and consideration of multifamily and small business administration experience, staff recommends selecting:

- EGIA, for Sub-Project 1 (Single Family Rebates, \$9 Million);
- Willdan Energy Solutions, for Sub-Project 2 (Multifamily Rebates, \$5 Million) and Sub-Project 3 (Small Business Rebates, \$5 Million); and
- The Energy Coalition, for Sub-Project 4 (Installer Training, \$1 Million).

For Sub-Project 5, based on panel review scoring and consideration of thorough coverage of public outreach, staff recommends selecting both The Energy Coalition and Community Connections, LLC and to divide the tasks. Staff recommends selecting:

- Community Connections, LLC, to provide outreach in Los Angeles and Orange Counties to cover the larger population in those counties, allocating twenty percent of Sub-Project 5 funding (\$200,000); and
- The Energy Coalition, to provide outreach and application assistance in Los Angeles, Orange, San Bernardino and Riverside Counties and recommends allocating eighty percent of Sub-Project 5 funding (\$800,000).

Benefits to South Coast AQMD

The Go Zero pilot incentive program will provide rebates to consumers, multifamily property owners, and small businesses replacing traditional NOx emission appliances, such as furnaces or water heaters, with zero-emission appliances; provide training to installers to help educate the workforce; and provide targeted outreach and application assistance to residents in overburdened communities. Initiating the rebate program will help implement 2022 AQMP control measures for widespread adoption of zero-emission appliances, which is necessary to reduce NOx emissions and to meet the NAAQS ozone standards.

Resource Impacts

Sufficient funds are available in Rule 1111 Air Quality Investment Fund (27). As the program will be administrated by selected contractor(s) with administration fees included in the allocated \$21 million funding, no administrative cost will be required for staff.

Attachment

- A. Panel Scoring
- B. Presentation

Attachment A – Panel Scoring

| Bidders | Average of Panel Reviewers' Technical Points for Sub-Project 1 (Single Family Rebates) | | | | | Additional Points | | Total Technical Plus Additional Points |
|--|--|---------------------------------|---------------|---|-----------------------------|---|---|--|
| | Experience/ Background (20) | Administration Approach (20) | Outreach (20) | Accountability and Statistics of Similar Projects (10) | Administration Fees (30) | Specified Criteria - <i>Capped at 15</i> | Total Additional Points (self- certified) | |
| ELECTRIC AND GAS INDUSTRIES ASSOCIATION | 19 | 17.6 | 16.4 | 10 | 30.0 | None found | 0 | 93.0 |
| FRONTIER ENERGY | 17.2 | 16.2 | 14.6 | 6.2 | 24.9 | None found | 0 | 79.1 |
| THE ENERGY COALITION | 16.4 | 18.6 | 18 | 8.8 | 8.2 | None found | 0 | 70.0 |
| WILLDAN ENERGY SOLUTIONS | 12.6 | 18.4 | 18.6 | 9.2 | 6.5 | Local Business - 5 | 5 | 70.3 |

| Bidders | Average of Panel Reviewers' Technical Points for Sub-Project 2 (Multifamily Rebates) | | | | | Additional Points | | Total Technical Plus Additional Points |
|---|--|------------------------------|---------------|--|--------------------------|-----------------------------------|---|--|
| | Experience/ Background (20) | Administration Approach (20) | Outreach (20) | Accountability and Statistics of Similar Projects (10) | Administration Fees (30) | Specified Criteria - Capped at 15 | Total Additional Points (self-certified) - Not to Exceed 15 | |
| ELECTRIC AND GAS INDUSTRIES ASSOCIATION | 13.8 | 16 | 16.6 | 8 | 30 | None found | 0 | 84.4 |
| THE ENERGY COALITION | 11.8 | 18.4 | 18 | 7.8 | 0 | None found | 0 | 56.0 |
| WILLDAN ENERGY SOLUTIONS | 20 | 19 | 18.8 | 10 | 5.0 | Local Business - 5 | 5 | 77.8 |

| Bidders | Average of Panel Reviewers' Technical Points for Sub-Project 3 (Small Business Rebates) | | | | | Additional Points | | Total Technical Plus Additional Points |
|---|---|------------------------------|---------------|--|--------------------------|-----------------------------------|---|--|
| | Experience/ Background (20) | Administration Approach (20) | Outreach (20) | Accountability and Statistics of Similar Projects (10) | Administration Fees (30) | Specified Criteria - Capped at 15 | Total Additional Points (self-certified) - Not to Exceed 15 | |
| ELECTRIC AND GAS INDUSTRIES ASSOCIATION | 11 | 15.6 | 15.6 | 8.2 | 30.0 | None found | 0 | 80.4 |
| FRONTIER ENERGY | 10.8 | 14.4 | 14.2 | 6.4 | 24.8 | None found | 0 | 70.6 |
| THE ENERGY COALITION | 13.8 | 16.4 | 17 | 7.8 | 1.0 | None found | 0 | 56.0 |
| WILLDAN ENERGY SOLUTIONS | 20 | 18.6 | 18.4 | 10 | 5.0 | Local Business - 5 | 5 | 77.0 |

| | Average of Panel Reviewers' Technical Points for Sub-Project 4 (Installer Training) | | | | | Additional Points | | Total Technical Plus Additional Points |
|--|---|------------------------------|---------------|--|--------------------------|--|--|--|
| | Experience/ Background (20) | Administration Approach (20) | Outreach (20) | Accountability and Statistics of Similar Projects (10) | Administration Fees (30) | Specified Criteria - <i>Capped at 15</i> | Total Additional Points (self-certified) - <i>Not to Exceed 15</i> | |
| Bidders | | | | | | | | |
| ELECTRIC AND GAS INDUSTRIES ASSOCIATION | 19 | 18.6 | 15.2 | 10 | 30 | None found | 0 | 92.8 |
| FRONTIER ENERGY | 14.2 | 12 | 15 | 5 | 30 | None found | 0 | 76.2 |
| NORTH STAR ALLIANCES | 10 | 12 | 15 | 6.4 | 30 | Small Business Enterprise/Small Business Joint Venture - 10; Local Business - 5 | 15 | 88.4 |
| THE ENERGY COALITION | 19.6 | 18.6 | 19.2 | 9.6 | 30 | None found | 0 | 97 |
| WILLDAN ENERGY SOLUTIONS | 17 | 17.6 | 17.2 | 10 | 30 | Local Business - 5 | 5 | 96.8 |

| | Average of Panel Reviewers' Technical Points for Sub-Project 5 (Application Assistance/Outreach) | | | | | Additional Points | | Total Technical Plus Additional Points |
|--|--|------------------------------|---------------|--|--------------------------|--|---|--|
| | Experience/ Background (20) | Administration Approach (20) | Outreach (20) | Accountability and Statistics of Similar Projects (10) | Administration Fees (30) | Specified Criteria - Capped at 15 | Total Additional Points (self-certified) - Not to Exceed 15 | |
| Bidders | | | | | | | | |
| COMMUNITY CONNECTIONS, LLC | 14.2 | 11.4 | 14 | 5 | 30 | Small Business Enterprise/Small Business Joint Venture - 10; Local Business - 5 | 15 | 89.6 |
| ELECTRIC AND GAS INDUSTRIES ASSOCIATION | 14 | 15 | 14 | 8 | 30 | None found | 0 | 81 |
| FRONTIER ENERGY | 12 | 14 | 13 | 7 | 30 | None found | 0 | 76 |
| NORTH STAR ALLIANCES | 12.2 | 11.2 | 11.6 | 7 | 30 | Small Business Enterprise/Small Business Joint Venture - 10; Local Business - 5 | 15 | 87 |
| QUITCARBON | 6.6 | 11.4 | 10.4 | 6.8 | 30 | Small Business Enterprise/Small Business Joint Venture - 10; Low Emission Vehicle Business - 5 | 15 | 80.2 |
| THE ENERGY COALITION | 16.6 | 17.8 | 16.6 | 9 | 30 | None found | 0 | 90 |
| WILLDAN ENERGY SOLUTIONS | 14.2 | 17 | 14 | 9 | 30 | Local Business - 5 | 5 | 89.2 |



Third-Party Contractor Selection for Go Zero Incentive Program

Board Meeting
January 10, 2025



Background



2022 AQMP seeks the adoption of zero-emission standards, wherever feasible, to meet National Ambient Air Quality Standards

- Ongoing rulemaking for zero-emission space and water heating appliances
- One of the challenges is high implementation cost

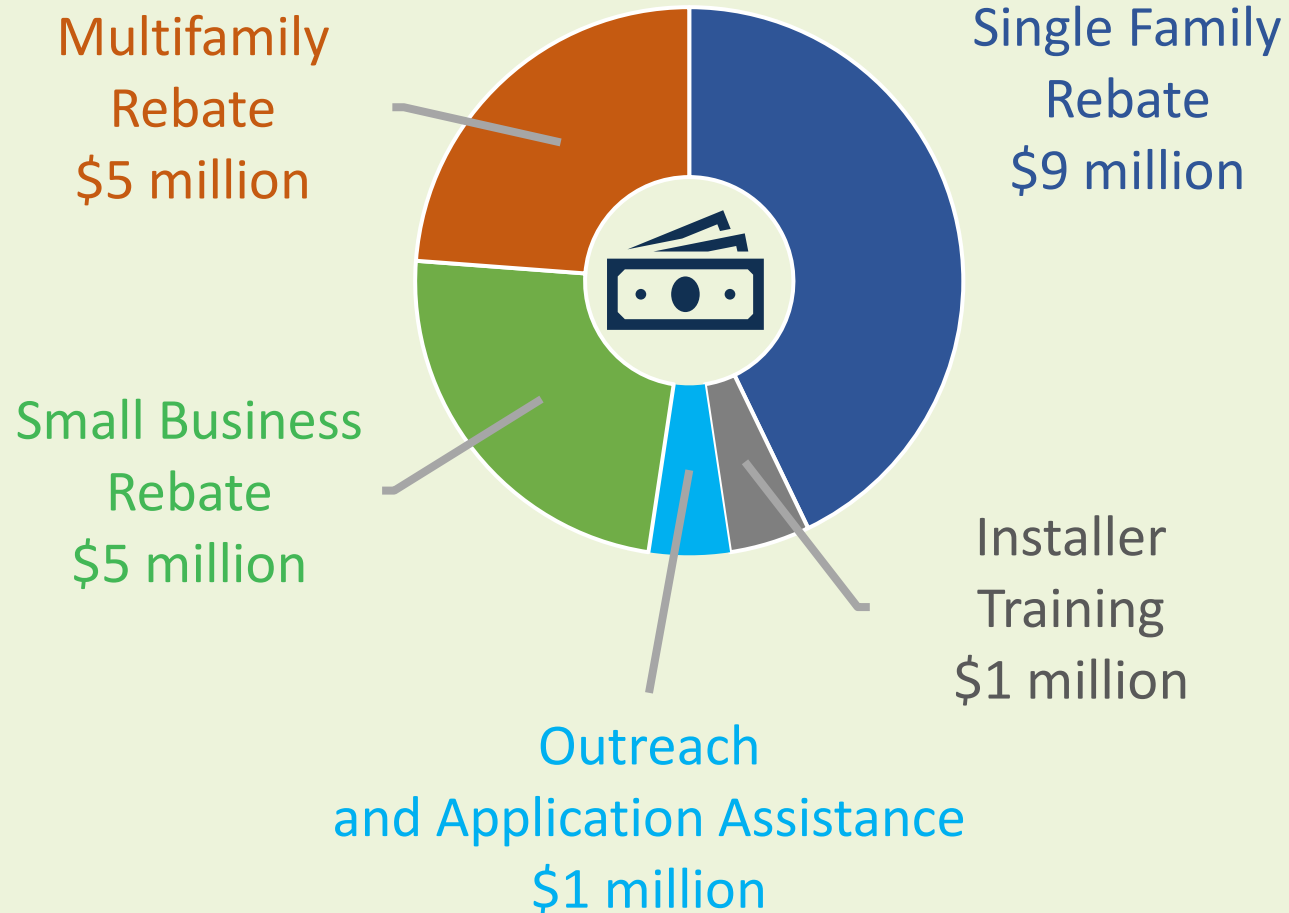


Go Zero pilot incentive program will incentivize the purchase of zero-emission space and water heating appliances

- Encourage the early adoption of zero-emission technologies
- Provide needed financial assistance in overburdened communities
- Pilot phase needed for lessons and experiences to improve for future phases including amount of rebates
- Contractor selection approved by Stationary Source Committee on December 20, 2024

Go Zero Pilot Incentive Program Sub-Projects

Pilot program includes five sub-projects:



Initial pilot program funding of \$21 million, with 75% of rebate funds for overburdened communities

Contractors could submit a bid to administer any or all sub-projects

Proposals



RFP Outreach

- Posted in newspapers, newsletters, website, advisor articles
- Notified business associations, lobbying firms, Caucus members, various minority chambers of commerce
- Outreach alongside rulemaking



Bidders

- Seven bidders applied for one or more Sub-Projects
- Proposed subcontractors for certain parts of projects
 - Bidders responsible for working with subcontractors



Panel Review

- Five panel members:
 - Four from two divisions of South Coast AQMD
 - One from California Air Resources Board
- Reached out to bidders for clarification and conducted reference checks

Bidders

Non-profits:

- EGIA
- The Energy Coalition

Local Businesses:

- Willdan Energy Solutions
- North Star Alliances
- Community Connections

Small Businesses:

- North Star Alliances
- QuitCarbon
- Community Connections

Minority- or Woman-led:

- North Star Alliances
- Community Connections

Location of Experience

- Community Connections in LA & OC
- QuitCarbon in NorCal
- Others in all four counties

Staff Recommendation

EGIA:

- **Sub-Project 1 (Single Family Rebates, \$9 Million)**

Willdan Energy Solutions:

- **Sub-Project 2 (Multifamily Rebates, \$5 Million)**
- **Sub-Project 3 (Small Business Rebates, \$5 Million)**

The Energy Coalition:

- **Sub-Project 4 (Installer Training, \$1 Million)**
- **80% of Sub-Project 5 (\$800,000)**
 - **Application assistance (\$600,000) and outreach (\$200,000) in all four counties**

Community Connections, LLC:

- **20% of Sub-Project 5 (\$200,000)**
- **Outreach in Los Angeles and Orange Counties**

Next Steps

