

May 18, 2022



Pricing RFQ Update

Eversource and National Grid Only

WE ARE MASS SAVE®:



Mission

To establish a market-informed price structure that provides customers with affordable, fixed out-of-pocket costs for weatherization established through direct contractor input.

To create a process that can be replicated on a regular cadence going forward.



RFQ Highlights:

147 Measures bid on

126 invitations, 106 Bidders responded, 104 accepted bids

15,288 total data points used to analyze pricing

Consistent follow up with all bidders:

- Detailed bidders call
- Q&A posted online
- Key reminders sent, tracked, with phone call backup to bidders
- Requests for clarification used to confirm accuracy

History of Weatherization Pricing

- Based on Lead Vendor RFPs from pre-IIC/HPC model (2010)
- Increases requested via BPWG contractors over last decade
- After 2019 price increase, all parties recognized need to improve process
 - PAs and LVs wanted a process that was market competitive
 - Contractors wanted a process that ensured pricing aligned with actual costs
- WX RFQ planning began in late 2019
- Plans for competitive RFQ announced to contractors in Q2 2021

How are prices set by RFQ?

Before establishing prices Requesters evaluated each quote, measure by measure for:

- Measure level bids +/- 50% from original price
- Standard deviation from the mean +/- >3
- Clarification requests were sent for any outlier bids
- 112 unique measure bids were removed

How are prices set by RFQ?

The lowest bid did not set prices

The lowest 1/3rd of bids were averaged to set pricing for each measure (*see example*).

Why: This helped balance the competing needs of our key stakeholder groups

- Customers' need for low cost, competitive pricing
- Contractor network needs vary by region, size, and type
- Using an average of the lowest 1/3rd serves both groups to deliver both competitive pricing and pricing that reflects a larger group of contractors than just one bid

Part	Door Sweep
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Average of lowest 3rd	\$24.66
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Contractor Name	Bid	Rank
Contractor A	\$27.84	8
Contractor B	\$28.35	9
Contractor C	\$24.15	1
Contractor D	\$25.98	7
Contractor E	\$25.27	3
Contractor F	\$25.65	4
Contractor G	\$25.31	5
Contractor H	\$25.56	6
Contractor I	\$24.55	2
Contractor J	\$2.15	

Example: Duct Sealing

- Final price in RFQ: \$87.09/hr
- Old price: \$84.32/hr
- Measure level process:
 - Total bids for this measure: 101
 - Outliers removed: 6
 - 4 bids removed for being under \$5 / hour
 - 2 bids removed for being over \$300 / hour
 - Bids analyzed to price this measure: 95

Final Pricing Summary

Measure changes

- 58% of measures increased
- 12% of measures remained flat (+/- < 1%)
- 30% of measures decreased

What does that mean for a typical job?

- These examples help show how measure changes compare at the job level
- Old price does not include emergency 10% increase

Job Type	Old job cost	New job cost	% increase
Example 1 Air Sealing only	\$1,529	\$1,583	4%
Example 2 Attic open blow w/ Air Sealing	\$5,477	\$5,837	7%
Example 3 Wall work	\$2,973	\$3,112	5%

Final Pricing Summary

Example Attic Job, details

New measure pricing up 6.5% overall in this example

Current Pricing				
Measure Description	Quantity	Unit	Unit price	Total Cost
Air Sealing at Estimated 62.5 CFM50 Per Hour	12	Hr	\$92.58	\$1,110.96
Door Sweep (with AS hrs)	3	each	\$25.31	\$75.93
Exterior Door Weather Stripping (with AS hrs)	3	each	\$30.07	\$90.21
Attic Floor - 11" Open Blow Cellulose	1604	SF	\$1.98	\$3,175.92
Damming	33	LF	\$2.39	\$78.87
Ridge Vent (Inft	26	LF	\$31.10	\$808.60
Vent Bath Fan	1	each	\$136.91	\$136.91
			Total	\$5,477.40
New Pricing 5/12/22				
Measure Description	Quantity	Unit	Unit price	Total Cost
Air Sealing at Estimated 62.5 CFM50 Per Hour	12	Hr	\$94.33	\$1,131.96
Door Sweep (with AS hrs)	3	each	\$26.11	\$78.33
Exterior Door Weather Stripping (with AS hrs)	3	each	\$31.81	\$95.43
Attic Floor - 11" Open Blow Cellulose	1604	SF	\$2.17	\$3,480.68
Damming	33	LF	\$2.45	\$80.85
Ridge Vent (Inft	26	LF	\$31.64	\$822.64
Vent Bath Fan	1	each	\$146.78	\$146.78
			Total	\$5,836.67
			% change	6.56%

Final Pricing Summary

Top Measures Changes

- Market input drove more realistic pricing results
- Largest changes showed market corrections certain measures
- Most commonly used measures saw increases

Measures increasing:	% increase	Measure Impact
Propavent Extension	20%	Minor
Install Bath Fan	7%	Medium
Install Aluminum Gable Vent	6%	Medium
Walls - Wood siding (all) - 3" Dense Pack Cellulose	5%	Large
Attic Floor - 4" Open Blow Cellulose	4%	Massive
Measures decreasing:	% decrease	Measure Impact
Pipe Tenting	-64%	Minor
Walls - 3rd FL Multi-Layer - 3" Dense Pack Cellulose	-6%	Minor
Crawlspace Ceiling - 6" Fiberglass Batting	-7%	Medium
Overhang - 4" Dense Pack Cellulose	-6%	Small
Basement Ceiling - 6" Fiberglass Batting	-6%	Small

Bidder demographics

Baseline Bidder Population

- Program has many medium and small businesses, with a few larger, high-volume firms
- Vast majority of contractors have several years experience
- Tier system indicates contractor grade for CLEARResult:
 - Tier 1 & Tier 1+ are highest rated
 - *Combined in all following tables*
 - Tier 2 and 3 are next
 - Provisional contractors are new
 - 'Not Ranked' only work for other Lead Vendors (e.g., RISE)

(Grades based on work quality, customer satisfaction, documentation, etc.)

Type	Contractor #	% of population
Tier 1	55	53%
Tier 2	9	9%
Tier 3	16	15%
HPC	8	8%
Provisional	8	8%
Not Ranked	8	8%

Tenure	Contractor #	% of population
0-2 Years	16	15%
2-5 Years	22	21%
5+ Years	66	63%

Company Size	Contractor #	% of population
Medium <300	53	51%
Small <100 Jobs	41	39%
Large <600	8	8%
XL >601	2	2%

HPC data points

Total HPC bidders: 8

HPC Tenure

- 5+ Years = 6
- 2-5 Years = 1
- 0-2 Years = 1

HPC Company Size

- Small <100 Jobs = 2
- Medium <300 = 2
- Large <600 = 2
- XL >601 = 2

HPC bids in lowest 3rd

- 91 of 147 measures were impacted by HPC bids

HPC Bids ranked overall

- Highest 3rd = 3
- Middle 3rd = 4
- Lowest 3rd = 1

RFQ Bidder groups

- While individual measures showed variation up and down, WX cost is expected to be 3-4% above previous pricing with similar a measure mix
- The lowest 3rd set RFQ pricing and is the baseline
- The middle 3rd of bids averaged 16% above the lowest 3rd baseline
- The highest 3rd was 64% higher on average than the lowest 3rd baseline

RFQ Results group	% vs RFQ pricing
Lowest 3rd Pricing	0%
Middle 3rd Pricing	16%
Highest 3rd Pricing	64%

Bidder demographics

Attic Floor - 4" Open Blow Cellulose

- 104 total bids received
- 104 remaining after analysis
- 39 lowest bids used to set the price
- Price increase of 4%
- Massive impact measure with high volume

Attic open blow 4"	Contractor #	% of population
Tier 1	21	54%
Tier 2	3	8%
Tier 3	6	15%
Not Ranked	6	15%
Provisional	3	8%
HPC	0	0%

Attic open blow 4"	Contractor #	% of population
0-2 Years	8	21%
2-5 Years	9	23%
5+ Years	22	56%

Attic open blow 4"	Contractor #	% of population
Medium <300	19	49%
Small <100 Jobs	18	46%
Large <600	2	5%
XL >601	0	0%

Bidder demographics

Air Sealing

- 104 total bids received
- 103 remaining after analysis
- 34 lowest bids used to set the price
- Price increase of 2%
- Massive impact measure with high volume

Air Sealing	Contractor #	% of population
Tier 1	16	47%
Tier 2	4	12%
Tier 3	5	15%
Not Ranked	4	12%
Provisional	4	12%
HPC	1	3%

Air Sealing	Contractor #	% of population
0-2 Years	10	29%
2-5 Years	9	26%
5+ Years	15	44%

Air Sealing	Contractor #	% of population
Medium <300	15	44%
Small <100 Jobs	18	53%
Large <600	1	3%
XL >601	0	0%

Bidder demographics

Kneewall Slope - 2" Thermal Barrier Polyiso

- 103 total bids received
- 103 remaining after analysis
- 36 lowest bids used to set the price
- Price increase of 1.5%
- Medium impact measure with substantial volume

Kneewall Slope TBB	Contractor #	% of population
Tier 1	17	47%
Tier 2	4	11%
Tier 3	6	17%
Not Ranked	4	11%
Provisional	3	8%
HPC	2	6%

Kneewall Slope TBB	Contractor #	% of population
0-2 Years	8	22%
2-5 Years	8	22%
5+ Years	20	56%

Kneewall Slope TBB	Contractor #	% of population
Medium <300	17	47%
Small <100 Jobs	17	47%
Large <600	2	6%
XL >601	0	0%

Bidder demographics

Walls - Wood Sided - 3" Dense Pack Cellulose

- 104 total bids received
- 104 remaining after analysis
- 35 lowest bids used to set the price
- Price increase of 4%
- Small volume measure (*N.B. does not include shingles, clapboard*)

Walls Wood Siding	Contractor #	% of population
Tier 1	19	54%
Tier 2	2	6%
Tier 3	6	17%
Not Ranked	4	11%
Provisional	4	11%
HPC	0	0%

Walls Wood Siding	Contractor #	% of population
0-2 Years	8	23%
2-5 Years	8	23%
5+ Years	19	54%

Walls Wood Siding	Contractor #	% of population
Small <100 Jobs	16	46%
Medium <300	17	49%
Large <600	2	6%
XL >601	0	0%

Next Steps



Pricing Announced
last week



System Changes
taking place this
week



Pricing Go-live set
for Monday May
23rd, 2022

Lessons Learned

- Lengthen timeline of overall process to give all parties more time
- Improve submission workbook to include additional data validation checks to reduce clarifying questions after initial pricing submissions
- Research additional ways to ensure the RFQ results in the most competitive responses possible from all contractor types
- The process should be repeated on a regular basis and/or with indicators of significant changes in market conditions



Thanks for listening.

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