



The Solutions Network

Rochester, New York

U.S. General Services Administration

New Tools and Opportunities for
Energy Procurement

U.S. General Services Administration



Procurement Tools

- Reverse Auctioning
- GSA Advantage / e-Buy

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Reverse Auctioning

- Reverse Auctioning is an innovative pricing technique using secured internet-based technology. The sense of competition is heightened as suppliers compete in real time by bidding lower as they see other offers. Savings have ranged from 2-25%, with a weighted average of 18%.

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Benefits for Government:

- Reduces acquisition cycle time
- Increases competition, leading to lower prices
- Award can be either “Best Value” or lowest price
- Competition is documented

Benefits for Vendors:

- View others’ bids real time
- If firm is unsuccessful they know immediately
- Less resources have to be committed to win a contract
- Money is not left on the table

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Reverse Auctions are suitable for:

- Commercial Item purchases (FAR Part 12)
- Simplified acquisitions (FAR Part 13)
- Negotiated procurements (FAR Part 15)
- “Best value” procurements

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Reverse Auctioning

- Prior to 1997, federal agencies were prohibited by the FAR from using reverse auctioning.
- FAR 4.5 provides: “The regulation requires agencies to use electronic commerce whenever practicable and cost-effective.”

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- Federal Times, Published: November 4, 2002....
Buyers throughout government are embracing reverse auction because of their proven ability to stretch budgets and reduce workload.....
- In April of 2002, GSA, Region 7 reverse auction used to obtain electric utility service for the State of Texas.

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SECTION A: SCOPE OF WORK

A.1 GENERAL

The General Services Administration (GSA) is requesting proposals (RFP) for a firm, fixed price for the generation, transmission and delivery to specified distribution points (including any/all directly related ancillary services necessary) of electricity utility service for various Federal facilities contained in Exhibit 1. These facilities are located in the service territories of the following local distribution utilities (LDU):

<u>LOCAL DISTRIBUTION UTILITY</u>	<u>LDU Reference</u>
Central Power and Light	CP&L
Reliant Energy	HL&P RE HL&P
TXU Electric	TXU
West Texas Utilities	WTU

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- The Government shall utilize an internet based transaction platform provided by the team of World Energy Solutions Inc (WEXCH) and Science Applications International Corporation (SAIC). This internet based transaction platform, commonly called a reverse auction, offers the Government a more dynamic bidding process to facilitate lower bid prices. GSA is requesting that suppliers provide:
- A fixed price for energy for all accounts in a LDU for terms of 12, 24, and/or 36 months beginning with the next available meter read of each account in that LDU
- A fixed price for energy generated from 5% certifiably renewable resources for all accounts in a LDU for terms of 12, 24, and/or 36 months beginning with the next available meter read of each account in that LDU

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- Offeror's prices shall be submitted to GSA utilizing an internet based transaction platform provided by the team of World Energy Solutions, Incorporated (WEXCH) at <http://www.wexch.com> and Science Applications International Corporation (SAIC) at <http://www.saic.com> in accordance with the instructions in Section C. Prices submitted through the exchange will exclude any Sales Tax (ST). The Federal Government does not pay State Sales Tax.
- The Government will reserve the right to reject any and all bids if it finds the price, terms and conditions of offers to be unacceptable. A price must be submitted for all locations in a traunch or the bid for that traunch will be determined nonresponsive and will receive no further action. There will not be a public bid opening.
- All quantities ordered by facilities included in this contract shall be considered firm and guaranteed for delivery by the Contractor to the Delivery Point(s). The Contractor shall be liable for any and all penalties assessed to facilities for the non-delivery of firm requirements. The electricity provided under this contract shall conform to the tariffs of the interstate/intrastate transmitting utility.

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“The site is brutally efficient at driving down the price to the bare minimum”
 - Andrew Owens, Manager, C&I Marketing, Energy Solutions



RFP Bid History: 1206 – Electricity

Customer Name Removed

Auction Information

Auction Start Time: 4/28/2004 10:00:00 AM EST
 Auction End Time: 4/28/2004 11:15:00 AM EST
 Opening Bid (\$/kWh): 0.06809
 Low Bid (\$/kWh): 0.05625

RFP Status: Active
 Time Left: Auction Ended
 Total Bids: 29
 Low Bidder: Supplier G

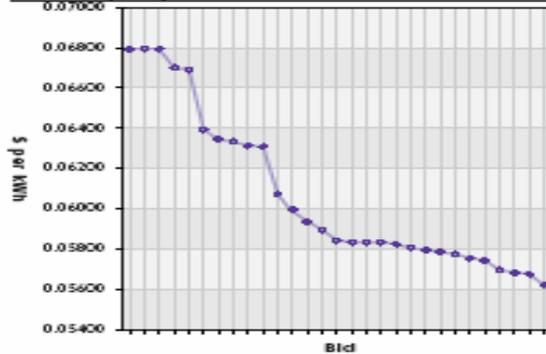
Auction Generated Savings

First Bid (\$/kWh): 0.06809
 Best Bid (\$/kWh): 0.05625
 Your Annual Usage: 17,344,125 kWh
 Annual Cost - First Bid: \$1,180,961.47
 Annual Cost - Best Bid: \$975,607.03
 Annual Auction Generated Savings:
 \$205,354.44

Market Benchmark Savings

Market Price (\$/kWh): 0.064
 Best Bid (\$/kWh): 0.05625
 Your Annual Usage: 17,344,125 kWh
 Annual Cost at Market Price: \$1,110,024.00
 Annual Cost at Auction Price: \$975,607.03
 Annual Market Benchmark Savings:
 \$134,416.97

Price Drop Graph



Supplier Bid History

Total Bids: 29

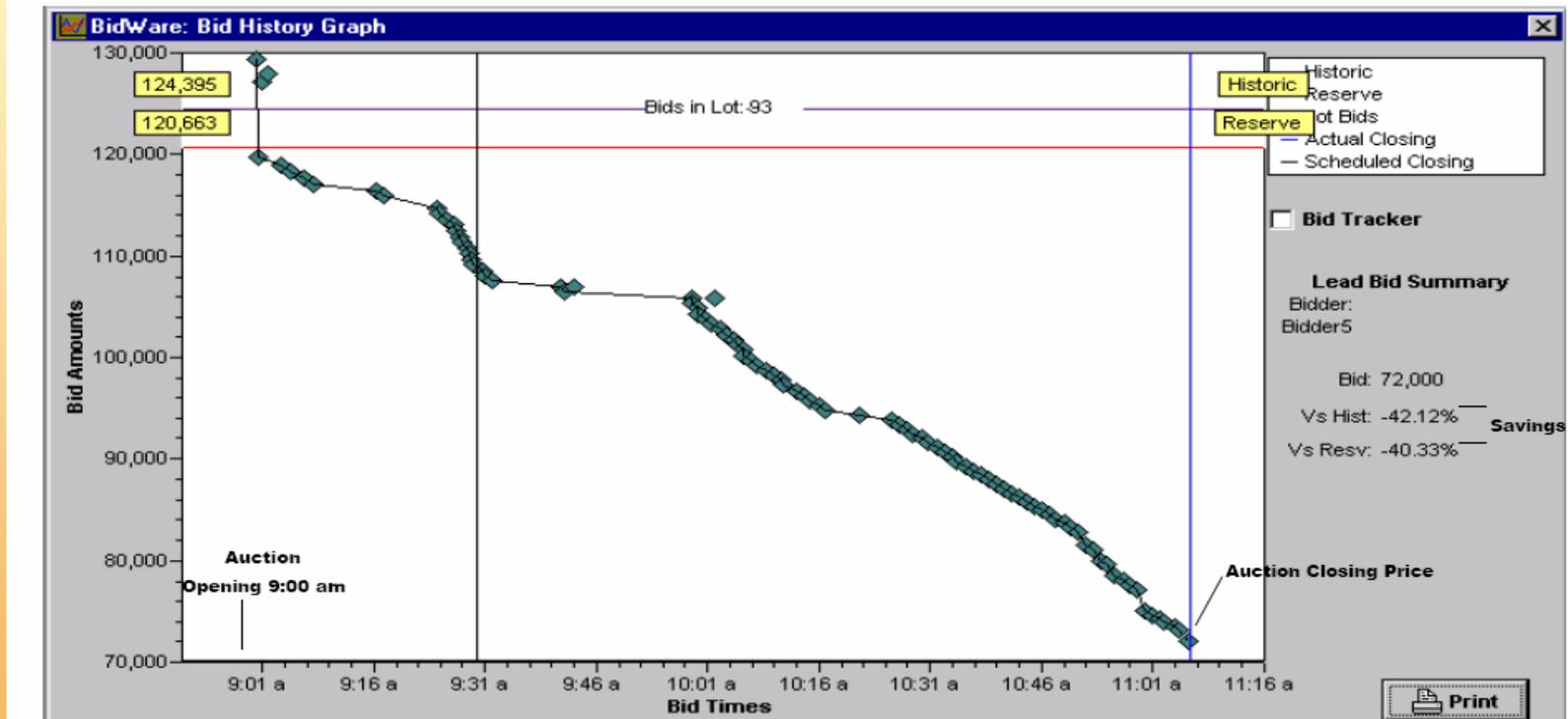
Supplier Company	Bid Amount	Date and Time of Bid
Supplier G	0.05625	4/28/2004 11:14:52 AM
Supplier E	0.05680	4/28/2004 11:14:54 AM
Supplier B	0.05691	4/28/2004 11:14:53 AM
Supplier A	0.05700	4/28/2004 11:14:40 AM
Supplier B	0.05750	4/28/2004 11:14:20 AM
Supplier C	0.05760	4/28/2004 11:13:23 AM
Supplier E	0.05780	4/28/2004 11:04:49 AM
Supplier D	0.05790	4/28/2004 11:05:57 AM
Supplier D	0.05810	4/28/2004 10:16:12 AM
Supplier A	0.05830	4/28/2004 10:21:35 AM
Supplier G	0.05840	4/28/2004 10:58:21 AM

World Energy Solutions www.woesol.com (800) 578-0716

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Example of a Reverse Auction



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What has been auctioned and the savings attained?

Services		Goods		Assets	
<i>Description</i>	<i>Average Savings</i>	<i>Description</i>	<i>Average Savings</i>	<i>Description</i>	<i>Average Savings</i>
Construction & Facilities	29%	Wood, Pulp & Paper	11%	Plant & Equipment	20%
Service	19%	Electronics	21%		
Freight & Logistics	8%	Plastics	26%		
Telecom/IT	35%	Energy & Fuels	3%		
Packaging	23%	Building Materials	14%		
Travel	17%	Metals	21%		
Plant & Equipment	11%	Chemicals	11%		

Courtesy of DOT

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What lessons have been learned?

- The bigger the “spend” the greater the price compression and the savings
- Competition - The more the merrier
- Ensure the specification is “bulletproof”
- The Contracting Officer must be in charge of the entire process, including establishing the rules prior to the auction event
- The bidders must be anonymous to one another

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Summary

Reverse Auctions:

- have gained acceptance in government save time and money
- Government's requirements are appropriate for reverse auctions
- Reverse auctioning services are available from government and many commercial sources, some via GSA schedule
- Cost of conducting reverse auctions are recovered through savings

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Welcome to the GSA Reverse Auction Administration Web Site.

This site was designed to allow GSA Contracting Officers to administer all aspects of the Reverse Auction websites.

The site is currently in Phase II development with an expected completion date of 11/30/2003. Phase II development consists of enhancements to the original prototype developed with GSA PBS Region 7.

[Click here to view the Users Manual](#)

Getting Started using the site.

First, you will need to provide a User Id and Password below:

User Id:

Password:

... then click the button to get started. [Start](#)

Use the button below to contact a user in your region to gain access to the site, if you do not already have an Id and Password.

[Click here to gain access to the site](#)

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GSA Advantage! e-Buy
...Working for the U.S. Government

Welcome!

Enhancements are coming to e-Buy in August 2004!
[click to learn more about our exciting changes...](#)

GSA's latest e-Business innovation, *e-Buy*, has simplified the acquisition process! e-Buy, which is a component of GSA Advantage!, is an electronic Request for Quote (RFQ) system designed to allow Federal buyers to prepare RFQs, directly on-line, for a wide-range of services and products offered through GSA's Multiple Award Schedule (MAS) program. e-Buy allows RFQs and quotes to be exchanged electronically between Federal buyers and Schedule contractors.

e-Buy delivers the power of the Internet by allowing Federal buyers to interact with the commercial marketplace to obtain best value solutions for their operations!

Buyers

Please enter your GSA Advantage! Membership information.

User ID

Password

[Login](#)

- [I Forgot my User ID and/or Password.](#)
- [Get a new User ID and Password](#)

MAS Contractors

Please enter your Contract number and Password as provided by the Vendor Support Center.

Contract Number
(Example: GS99F9999F or V123P1234A)

Password

[Login](#)

- Forgot Your Password?
- [Please contact the VSC at 1-877-495-4849 or e-mail us at \[vendor.support@gsa.gov\]\(mailto:vendor.support@gsa.gov\).](#)

Done

Internet

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E-Buy is different from reverse auctioning

- Broadcast RFQs to all schedule holders
- Provides opportunity for voluntary price reduction

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- e-Buy, a component of *GSA Advantage!*, is an online Request for Quote (RFQ) tool designed to facilitate the request for submission of quotes for a wide range of commercial services and products that are offered by GSA Federal Supply Schedule contractors who are on *GSA Advantage!*.
- For federal agencies (buyers), e-Buy maximizes their buying power by leveraging the power of the Internet to increase Schedule contractor participation to obtain quotes that result in best value purchase decisions.
- For Schedule contractors (sellers), e-Buy provides greater opportunities to offer quotes and increase business volume for services and products provided under their Schedule contracts.
- Section 803 of the 2002 DoD Authorization Act calls for the DoD to notify all vendors on multiple award-type contracts greater than \$100,000. E-Buy satisfies this requirement.

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Benefit to Federal Agency

- e-Buy allows federal agencies (buyers) to maximize their buying power by leveraging the power of the Internet to obtain quotes that result in best value purchase decisions
- e-Buy provides buyers with a great RFQ management tool that will result in savings in both time and money!
- e-Buy is interactive, allowing federal buyers to communicate requirements and quotes via the web and e-mail
- e-Buy is efficient because it is an electronic RFQ system that streamlines the acquisition process
- e-Buy is fast and easy to use

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Benefit to Schedule Contractor

- e-Buy maximizes the opportunity for Schedule contractor participation by notifying them of new government requirements for their specific services or products.
- e-Buy saves Schedule contractors money by reducing the cost of finding government business opportunities and reducing lead-time and cost to submit quotes.
- e-Buy is interactive, allowing Schedule contractors to communicate requirements and quotes via the web and e-mail.
- e-Buy helps Schedule contractors establish new business relationships as new opportunities are discovered.

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- Benefit to Schedule Contractor (cont)
- e-Buy is efficient because it is an electronic RFQ system which streamlines the acquisition process.
- e-Buy increases sales potential by making Schedule contractors more aware of new business opportunities.
- e-Buy provides valuable information on the federal marketplace, allowing Schedule contractors to expand their customer base.
- e-Buy saves time since business opportunities are sent directly to Schedule contractors via e-mail and quotes can be sent electronically.
- e-Buy is fast and easy to use.

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How Does e-Buy Work?

- Using the e-Buy system, federal agencies (buyers) may prepare and post a Request for Quote (RFQ) for specific services and products for a designated period of time.
- Each RFQ is assigned to a Federal Supply Schedule, Special Item Number (SIN) category by the buyer. The category assignment determines which Schedule contractors (sellers) may receive the e-mail notice to quote. Sellers are automatically listed under their awarded SIN categories.
- Buyers may notify all sellers listed under a particular SIN category or may choose to notify a lesser number of sellers. (FAR 8.4 and the Ordering Procedures for Services (Requiring a Statement of Work) stipulate that buyers must obtain three or more quotes for purchases over the micro-purchase threshold.) Sellers not notified may still submit a quote for an RFQ placed under their awarded SIN. It is advisable to check the e-Buy site each day for RFQ opportunities since e-mail notification is not guaranteed.

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- P. L. 102-486, Energy Policy Act of 1992, Title I – Energy Efficiency
- E O 13101, Environmentally Preferable Purchasing (1998)
- E O 13123, Efficient Energy Management (1999)
- E O 13134, Bio Based Products and Bioenergy (1999)
- E O 13148, Greening the Government Through Leadership in Environmental Management (2000)
- E O 13149, Fleet & Transportation Efficiency (2000)
- E O 13221, Energy-Efficient Standby Power Devices (2001)
- Federal Acquisition Regulation Part 23, Environment, Conservation, Occupational Safety, and Drug-Free Workplace
- GSA Acquisition Manual

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SCHEDULES E-LIBRARY

- The Schedules E-Library is GSA's official on-line source for complete Federal Supply Schedule information. Information is updated daily to ensure access to the latest Federal Supply Schedules and contract award information.
- You can find out which suppliers have a contract, and what's covered under our Federal Supply Schedules by using various search options, e.g., Schedule contractor's name, contract number, Special Item Number, Schedule Number, or keyword. This is a great tool to use to find **specific environmental products and services**.
- The latest information on Schedule program changes
- Direct link to the GSA Advantage! On-line shopping for E-Business
- Ability to download schedule information by **Schedule** or SIN

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The screenshot shows the GSA Schedules e-Library website in a Microsoft Internet Explorer browser window. The browser's address bar shows the URL <http://www.gsaelibrary.gsa.gov/ElibMain/ElibHome>. The website header includes the GSA logo and the text "Schedules e-Library" and "GSA Federal Supply Service". A navigation bar contains links for "Help", "GSA Advantage!", and "GSA/FSS Home".

The main content area features a "Welcome!" message and a search box. The search box contains the text "Search:" and a dropdown menu set to "all the words". Below the search box is a prompt: "(enter keywords, Contract Number, Contractor/Manufacturer name, Schedule # or SIN #)".

On the right side, there are three sections: "Quick Schedule" with a "Go to" dropdown and a "Go!" button; "Find a Company" with a "Company Name" input field and a "Go!" button, and a link to "View Contractor listing (a-z)"; and "Cooperative Purchasing" with a "COOP PURCH" logo, a description of the program, and a link to "Click to view authorized vendors".

At the bottom right, there is an "ATTENTION Schedule Partners" section with a warning icon and a message: "If you currently have a Federal Supply Schedule contract under Schedule 70 or 75, please [click here](#) for an important message."

At the bottom left, there are two boxes: "GSA Federal Supply Schedules" with a link to "Find out more about the GSA Schedules (Multiple Award Schedule) Program" and "VA Federal Supply Schedules" with a link to "For more information about the VA Schedules Program".

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GSA Advantage!

- GSA Advantage! is the online shopping and ordering system that provides access to thousands of contractors and millions of services and products. Although anyone may browse on GSA Advantage!, only a federal government employee with a governmentwide SmartPay purchase card or a GSA Activity Address Code (AAC) may shop on GSA Advantage!.

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* GSA * Advantage! * Security * What's New * e-Buy * e-Library * Customer Service * Help/FAQ

GSA Advantage!

...Working for the U.S. Government

Login:

User ID

Password
 Go!

[Forgot Your User ID or Password?](#)

Get your User ID and password - [Register Here.](#)

Welcome to GSA Advantage!

GSA Advantage! is the Federal Government's premier online shopping site. With millions of products and services, GSA Advantage! provides a one stop shopping source to meet all your procurement needs.

Enhancements are coming to GSA Advantage! ...August 2004
take a look!



5 ways to shop Advantage! now

- 1. Search/Browse**
 [Advanced Search](#) **Go!**
- 2. Quick Order**
Enter NSN Enter Quantity **Go!**
- 3. Re-Order from a Previous Order** **Go!**
- 4. FEDSTRIP/MILSTRIP** **Go!**
- 5. Order from your Parked Carts** **Go!**

[View a Tutorial of the "new" GSA Advantage!](#)

Requisition Status

Shop Advantage! for:

- * **Advantage!** will custom tailor information based on your interests, purchases and visits.
- * **Advantage!** will remember your parked carts and cart numbers, so you won't have to.
- * You can Add/Modify/Delete multiple payment methods (credit card and AAC).
- * **Advantage!** will deliver you personalized news feed from various sources.

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GSA Advantage! Benefits

- Search for items using keywords, part numbers, National Stock Numbers, supplier names, contract numbers, etc.;
- Compare features, prices, and delivery options;
- Configure products and add accessories;
- Place orders directly online;
- Review delivery options;
- Select a convenient payment method;
- View order history to track status, reorder, or cancel.

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- GSA has identified energy efficient products in its on-line purchasing system on **GSA *Advantage!***® with either the EPA/DOE Energy Star label, or a EE symbol.
- These designations signify that those products meet or exceed the energy efficient criteria for federal government purchasing that were established by the EPA/DOE Energy Star Program or the DOE Federal Energy Management Program Efficiency Recommendations.
- To find out what GSA has to offer, visit GSAAdvantage!® web

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Other energy programs:

GSA brings value to organizations by offering strategic energy management programs that result in increased net operating income and enhanced asset value of real properties.

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To facilitate the mission, GSA has created a worldwide website that provides:

- Areawide contracts for the procurement of utilities and for the acquisition of value-added services such as utility financing of energy conservation projects;
- Aggregate purchasing of natural gas and electricity in deregulated markets;
- Energy usage and analysis data;
- Advocacy in the public policy arena to include renewable power sources as part of our energy portfolio; and
- Program advocacy on a national level with OMB, Congress, and other federal agencies.

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- The Energy and Water Management program is responsible for the utility use and cost data in all GSA buildings nationwide.
- The program's staff reviews and processes approximately 5,500 utility bills monthly, the total cost of which is over \$250,000,000 annually.
- Additional information and access to the GWACs are available at:
<http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeId=8195&channelId=-13908>

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Q & A