

STATE OF CALIFORNIA
AIR RESOURCES BOARD
P.O. Box 2815
Sacramento, CA 95812

December 2009

REQUEST FOR PROPOSALS

Economic Research: AB 32 Impacts and Analysis

The Air Resources Board (ARB) reserves the right to reject any proposal deemed nonresponsive to the RFP, not responsible, and/or not reasonable.

Proposals submitted under this Request for Proposals (RFP) will be evaluated by the “secondary” method. In the secondary method, the contract award is based on the highest score given to a proposal by an evaluation committee using the established rating criteria (Table 1). The cost of the proposed research is the highest weighted criterion, although not the determining factor. This means that the lowest cost bid will not necessarily be awarded the contract.

Submissions must be received by February 10, 2010.

Submissions may be emailed to mzaragoz@arb.ca.gov.

I. BACKGROUND AND OBJECTIVE

California’s Global Warming Solutions Act of 2006 (AB 32) designated the California Air Resources Board (ARB) as the lead regulatory agency charged with oversight of greenhouse gas (GHG) emissions generated by and associated with the California economy. With AB 32 the California Legislature and Governor Schwarzenegger set 2020 as the target for GHG emission reductions, and the Governor has subsequently pursued and emphasized efforts to further GHG reductions through 2050.

In accordance with AB 32, ARB adopted a Scoping Plan and a number of early action regulatory measures for GHG emission reductions to meet the 2020 emissions target. These regulatory measures govern emissions from a variety of sources – transportation, electric generation, transmission and consumption, real estate development, manufacturing, agriculture and land use – and the establishment of appropriate regulation will require a nuanced understanding of the dynamics which govern the interactions of these sources and emissions pathways.

Economic impacts of these measures may vary by industry, and may be difficult to evaluate. However, evaluation of the economic impacts of these measures is vital to achieving the goals of AB 32. To this end ARB is requesting research proposals which may help regulators and policy makers evaluate the economic impacts of these measures in both the short and long-term. ARB will consider research proposals on the topics listed below.

Economic Research Emphasis:

- Economic models and econometric methods that can estimate or predict changes in economic activity (macroeconomic or microeconomic), GHG emissions, toxic emissions, and criteria pollutant emissions resulting from AB 32 measures or other state and local GHG emission reduction policies.
- Identify and evaluate lifecycle – from resource extraction to consumption – emissions of various complex goods.
- Identify and evaluate impacts on industrial organization, trade and competitiveness of California industries.
- Identify and evaluate differential impacts to small business. Identify and evaluate economic constraints unique to small business. Propose strategies or instruments for achieving GHG emissions reductions from small business.
- Identify and evaluate economic impacts and changes in consumer behavior resulting from emissions (GHG, Toxics, and Criteria pollutants) reduction measures.
- Analyze existing emission reduction credit markets or monitor markets that arise from environmental regulatory actions, such as renewable energy credit markets,

low carbon fuel credit markets, GHG emission allowance markets, and offset markets.

- Identify and evaluate economic impacts of climate change or local, state and federal adaptation measures.
- Identify and evaluate existing market barriers to emission reductions and propose policy prescriptions.

II. SCOPE OF WORK

Task 1: Literature Review

The principal investigator(s) will submit a review of literature relating the proposed research to existing work on the topic.

Task 2: Workplan

The principal investigator(s) will submit a prospective timeline of activities which must be undertaken by each research team member in order to complete the project within the time allowed.

Task 3: Experimental Design and/or Theoretical Framework

The principal investigator(s) will submit a detailed description of the analytical approach chosen for the research project.

Task 4: Draft Report

The principal investigator(s) will submit a draft report describing their methods, data, findings and policy recommendations.

Task 5: Final Report and Deliverables

The principal investigator(s) will submit a revised draft report.

III. MEETINGS

- Quarterly conference calls to discuss progress.
- Occasional conference calls with ARB to discuss policy implications.
- A technical seminar at ARB to present results and policy recommendations.

IV. CONTRACT DELIVERABLES

- Quarterly invoices and electronic progress reports.
- Electronic copy of a draft final report.
- Electronic copy of a revised final report.
- Electronic copy of data compilations.
- Electronic copy of technical seminar presentation materials.

V. FUNDING

- A total of \$234,000 has been allocated to funding this contract. ARB expects to fund 2-3 projects in this funding cycle.
- Funding for this contract will be made on a cost-reimbursable basis.
- Indirect costs cannot exceed 10% of modified total direct costs for the proposed project.
- Funding is limited to principal investigators from University of California, California State University and land grant colleges. Subcontracts must adhere to the 10% indirect cost recovery rate.

VI. TIME ALLOWED

- A period of up to **12** months will be allowed for completion of all work and submittal of the draft final report. Though the window may be expanded for longer term projects.

Sample Table and Discussion for RFP Rating Criteria

Table 1

**RATING CRITERIA
for
[Title of RFP]**

RATING CRITERION	MAXIMUM POINTS POSSIBLE
1. Technical approach and work plan, including understanding of the problem	20*
2. Previous related experience in [area of research]	15**
3. Access to and knowledge of [particular research technique]	15**
4. Availability of [facilities and equipment]	5
5. Level and quality of effort to be provided, including project management plan	20**
6. Cost [secondary method only]	25
TOTAL SCORE	100

A proposal must have a total score of at least 85 points to be qualified for consideration for this contract.

*Proposals receiving less than 8 points for this criterion will not qualify for further consideration.

**Proposals receiving less than 12 points for this criterion will not qualify for further consideration.

The following criteria will be used by reviewers evaluating proposals submitted in response to this RFP. The review panel will include but may not be restricted to ARB staff.

After studying the RFP, each panel member will review each proposal and assign points for each criterion discussed below. A review panel will convene and the reviewers' scores will be averaged for each criterion for each proposal (reviewers' scores will be given equal weighting). All of a proposal's averaged criteria scores will be added to give that proposal's total score.

1. *Technical approach and work plan, including understanding of the problem* (20 points). This criterion has a minimum qualifying score of 16 points; that is, proposals rated below 16 points for this criterion will be considered nonresponsive and will be eliminated from further consideration. The purpose of this criterion is to provide bidders the opportunity to demonstrate their knowledge in the subject of the RFP and to lay the groundwork for the actual work to be performed for this project. This portion of the proposal should spell out, in adequate detail, how the proposed project satisfies the requirements of the RFP. Also, as part of the criterion, proposals should demonstrate an understanding of the questions, or needs, that ARB is seeking to have addressed. The technical approach and workplan are considered the heart of the proposal and will receive a high level of scrutiny. This part of the proposal will be compared against the RFP to ensure that all specified tasks and deliverables are responsive.
2. *Previous related experience in [area of research]* (15 points). This criterion has a minimum qualifying score of 12 points; that is, proposals rated below 12 points for this criterion will be considered nonresponsive and will be eliminated from further consideration. For this criterion, reviewers will rate the investigator's experience and breadth of knowledge in [area of research]. The proposal should indicate how skills developed in previous related work will be applied.
3. *Access to and knowledge of [particular research technique(s)]* (15 points). This criterion has a minimum qualifying score of 12 points; that is, proposals rated below 12 points for this criterion will be considered nonresponsive and will be eliminated

from further consideration. For this criterion, reviewers will rate the investigator's experience in [technique]. The proposal should indicate how skills developed in previous related work will be applied to this project and what [models, instruments, etc.] is available for the proposed project.

4. *Availability of [facilities and equipment]* (5 points). For this criterion, reviewers will evaluate, based on availability of facilities and equipment, the investigator's ability to initiate a testing program expeditiously.

5. *Level and quality of effort to be provided, including project management plan* (20 points). This criterion has a minimum qualifying score of 16 points; that is, proposals rated below 16 points for this criterion will be considered nonresponsive and will be eliminated from further consideration. For this criterion, reviewers will evaluate and compare the specifics of proposals relative to each other proposal. Reviewers will consider at least the following aspects of the proposals: background, credentials, and availability of key personnel and number of hours devoted to each task (individual efforts as well as task totals). Reviewers will address these questions, among others: Is the number of tests and/or simulations to be performed adequate for improving the quality of the statistical correlations drawn? Does the proposal allocate a sufficient number of person-hours at the appropriate levels of expertise to accomplish the objectives of the study?

The project management plan will be evaluated based on the provisions for project management and oversight, the feasibility of the project schedule, the planned allocation of resources, proposed methods for measuring project progress against the plan, and proposed methods for detecting and correcting deviations from the planned schedule. This criterion overlaps somewhat with criterion 4, level and quality of effort to be provided, but here the focus is on how the proponent will assemble and manage resources (e.g. personnel, subcontractor's testing facilities) and how coordination will be achieved. Reviewers will base their ratings on answers to at least these questions: Does the proposal allocate time and resources in such a way that the objectives of the study will be met? Is supervision and oversight adequate for ensuring that the project will remain on schedule? Is the distribution of

workload appropriate for activities such as data reduction, computer simulation, analysis, report preparation, meetings, and travel?

7. *Cost* (25 points). This criterion allows staff to evaluate and compare the budgets of each proposal relative to those of its competitors. If a small business has a technically qualified proposal, its bid will be given a 5 percent preference as stated in Attachment 2. The technically qualified proposal that has the lowest cost will be given a maximum score of 30 for this criterion. All other technically qualified proposals (which are directly comparable) will be awarded a score in inverse proportion to the lowest-cost proposal.