



REQUEST FOR PROPOSALS

Dated: January 16, 2007

Northeast ENERGY STAR® Lighting Initiative Negotiated Cooperative Promotion

Request for Manufacturer and Retailer Proposals

**2007 ENERGY STAR Lighting Campaign
April 1, 2007 - December 31, 2007**

PROPOSALS TO BE SUBMITTED BY

February 23, 2007, 5:00 PM EST

Attachments:

**Request for Promotional Support Markdown and Buydown Workbooks (Excel spreadsheets)
Northeast ENERGY STAR Lighting Negotiated Cooperative Promotion RFP Checklist & Signature Form
Northeast ENERGY STAR Lighting Brand Guidelines**

Sponsors:

Connecticut:	Connecticut Light & Power The United Illuminating Company
Massachusetts:	Cape Light Compact National Grid NSTAR Electric Unitil Western Massachusetts Electric Company
Rhode Island:	National Grid
Vermont:	Efficiency Vermont

Objective

Sponsors (as listed above) request proposals for Negotiated Cooperative Promotions (NCPs) from ENERGY STAR® Lighting Manufacturers and Retailers who sell ENERGY STAR qualified lighting products. The proposals should detail comprehensive promotional plans that maximize cost-effective energy (kilowatt/hour) savings to Sponsors' customers with a focus on increasing the sales and awareness of the wide variety of quality ENERGY STAR qualified lighting products. Promotions should also be designed to complement core aspects of the Sponsors' strategic marketing plan (see the Marketing section).

The combined promotional efforts of manufacturers, retailers, and the Sponsors of the Northeast ENERGY STAR Lighting Initiative have resulted in positive changes to the residential lighting market in New England over the last several years. Sponsors have seen substantial increases in sales, dramatic reductions in retail prices, and a more diverse mix of retailers that stock these products. Through this RFP, the Sponsors look to further strengthen these positive trends and build upon previous success.

We invite Manufacturer/Retailer teams to submit proposals for the use of Sponsors' promotional incentives, and encourage innovative and creative approaches to ENERGY STAR lighting promotions. Additionally, Sponsors are increasingly interested in maximizing the environmental attributes of energy efficient lighting and would like to learn more about each manufacturer's corporate position on the rated life and Mercury content of the bulbs proposed. Manufacturers are required to abide by all local, state and federal Mercury laws in order to participate. Additionally, for 2007, Sponsors are requiring participating manufacturers and retailers to follow "Brand Guidelines" for all associated marketing materials (see attached).

There are three options for participation, including:

- Product Markdowns
- Product Buydowns
- Creative Coupons

Proposal and Promotion Requirements

Eligible Products:

All ENERGY STAR qualified (as listed on www.energystar.gov) screw-based compact fluorescent lamps (CFL) and residential light fixtures (including ceiling and ventilation fans with pin-based CFLs, or pin-based CFL ceiling fan kits) are eligible for promotion, with certain exceptions. This RFP explicitly excludes light fixtures using high-pressure sodium or other HID lamps, and linear fluorescent tubes; portable work lights, and halogen or incandescent fixtures with motion sensors. Promotional products must be qualified under the most current version of the relevant ENERGY STAR specification as of the start date of the proposed promotion. In Massachusetts, Rhode Island and Vermont, only CFL reflectors that have passed the Pacific Northwest National Laboratory (PNNL) Reflector Elevated Temperature Testing or equivalent will be considered for promotions.

Note: *The Sponsors reserve the right to exclude specific ENERGY STAR qualified products from this promotion for any reason including results of independent, third-party testing. Manufacturers may offer replacement products; however, Sponsors are under no obligation to accept these replacements.*

Promotion Duration:

The promotion duration is **April 1, 2007** through **December 31, 2007**. Based on performance of promotions, Sponsors may consider extension requests into the first quarter of 2008 or longer.

Selection Criteria:

Selection and funding of any submitted proposal will be based on:

- Ability to provide accurate, complete verifiable store-level shipment and sales data – preference will be given to computerized Point of Sales (POS) data.
- Past promotional and administrative performance, including adherence to all applicable Memorandum of Understanding (MOU) provisions leading up to and including 2006.
- Product quality -- preference will be given to products that have successfully passed independent, third-party testing (i.e. PEARL, PNNL, etc.) and comply with the current ENERGY STAR specifications for CFLs and Lighting Fixtures.
- Creative marketing plans, special events and/or consumer education plans that support the Sponsor marketing outlined in this RFP.
- Proposed product mix – variety/style of CFLs and fixtures, including specialty products (dimmable, 3-way, reflector, flood, pre-approved “covered” product) and a range of product wattages.

The Sponsors reserve the right to refuse any proposal or to negotiate the specifics of any submitted promotion, including funding levels. Incentive funds will be available only upon written confirmation (Memorandum of Understanding) from the participating Sponsors. Bidders should understand that ACTUAL incentive amounts will be based on compliance with the MOU and performance of the Bidders and are not guaranteed. Each participating

Sponsor reserves the right to subsequently reallocate or deny funding of promotions which are deemed as non-performing. The Sponsors may offer the current 2007 Instant Coupon Program in lieu of a proposed promotion.

Types of Proposals Requested

The Sponsors request proposals for promotions from manufacturer-retailer partner teams. These teams are encouraged to consider and propose a variety of promotion types, including, but not limited to the options listed below. Proposals will be entertained from both manufacturers through selected retailers and from retailers partnering with several manufacturers. The Sponsors encourage marketing creativity and product diversity from retailers and manufacturers in their proposals. Alternatives to the promotion types listed will be given equal consideration by the Sponsors. Any proposed promotion may include one or more promotional elements. **Preference will be given to proposals that include strong manufacturer and retailer promotional marketing support** (see Marketing section). The Sponsors encourage manufacturers and retailers to be innovative and creative in developing approaches to promoting ENERGY STAR qualified lighting.

OPTION 1: Product Markdown

Partners may apply for subsidization of prices on ENERGY STAR qualified lighting products through Product Markdown. Please note: Sponsors are electing to offer higher incentives for Product Markdown than Product Buy-down promotions in 2007 because reimbursement for Markdowns is based entirely on documented, credible store-level sales reports.

- **Promotion Description:** Respondents will apply for a Markdown by proposing maximum quantities of each product for consideration and the amount of reimbursement requested for each product (see *"Payment Schedule" for guidelines*). Reimbursement for product sales will be made at 100% of the agreed amount upon receipt of store level sales data. Instructions for data submittal will be included in the Memorandum of Understanding (MOU). Data will be provided on a monthly basis unless a less frequent period is agreed upon in advance.
- **Qualifying partners:** Only retail outlets with electronic point of sale (POS) systems may participate. Sample data report(s) must be submitted by bidders with their proposals and approved by Sponsors prior to final promotional agreement (signing of the MOU). Efficiency Vermont may evaluate a smaller number of retailers without POS systems a case-by-case basis.
- **Documentation required:** Proposals MUST include sample POS reports in order to be considered. This report will include sales data by SKU, store location, and date range. Additionally, documentation of delivery to store locations may also be required. Once product mix, packaging and quantities are established and agreed upon, they cannot be changed without prior written Sponsor approval.

OPTION 2: Product Buy-down

Partners may apply for subsidization of wholesale prices on ENERGY STAR qualified lighting products through Product Buy-down. Please note that Connecticut Sponsors are not participating in this option.

- **Promotion Description:** Respondents will apply for a Buy-down by proposing maximum quantities of each product for consideration and the amount of reimbursement requested for each product (*see "Payment Schedule" for guidelines*). A maximum of 75% of a promotion's requested Sponsor incentive will be paid based on submission of store level shipping and receiving documentation per shipment. The remaining 25% of Sponsor incentive funds will be provided upon submission of agreed-upon store level documentation of retail sales, based on the sample sales data reports provided with your proposal. Payment of the final 25% of Sponsor funds will also be contingent on documented product sales meeting or exceeding a promotional sales threshold of 75% of total sales.
- **Qualifying partners:** Sponsors require participating retail outlets to have POS systems capable of providing sales data by SKU and store location, on a monthly basis and a direct store shipping mechanism. Sponsors may evaluate a smaller number of retailers without POS systems a case-by-case basis. **Manufacturer's products may not be distributed from a centralized retailer distribution system.** **Documentation required:** Samples of store level shipping and receiving documents and store level sales reports **must** be included with the proposal to determine compliance with the above. Once product mix, packaging and quantities are established and agreed upon, they cannot be changed without prior written Sponsor approval.

OPTION 3: “Creative” Coupons

Sponsors do recognize that not all retail partners interested in receiving product at discounted wholesale prices can provide the level of sales documentation needed to participate in the program. To that end, Sponsors (excluding Connecticut) are offering “Creative” coupons. This type of promotion will allow partners to receive a level of discounted pricing when the product is shipped, with the balance to be paid upon redemption of a specially designed coupon. Please note that Connecticut Sponsors are not participating in this option.

- **Promotion Description:** Respondents will apply for a “Creative” coupon promotion by proposing maximum quantities of each product for consideration and the amount of reimbursement requested for each product (see *“Payment Schedule” for guidelines*). A maximum of 50% of a promotion’s requested Sponsor incentive will be paid based on submission of store level shipping and receiving documentation per shipment. The remaining 50% of Sponsor incentive funds will be provided upon monthly submission of coupons to a stipulated coupon redemption center. The following guidelines for design and placement must be adhered to:
 - Coupons will be designed to be SKU and/or package specific and affixed to each unit by the manufacturer prior to store delivery;
 - Coupons will contain messaging that incentive is provided by participating Sponsors, including names and approved corresponding logos;
 - Coupons will be designed (with approval of Sponsor) so that the message “Discount Coupon Has Been Removed” or a similar message will appear on the product upon removal.
 - Retailers participating in this promotion are subject to periodic “spot-checking” by the Sponsor’s representative.
- **Qualifying partners:** Retail outlets that do NOT use distribution centers (DC’s) may participate in this type of promotion.
- **Documentation required:** Samples of store level shipping and receiving data documents **must** be included with the proposal to determine compliance with the above. Once product mix, packaging and quantities are established and agreed upon, they cannot be changed without prior written Sponsor approval.

Payment Schedules: Sponsors will reimburse product based on the following matrix, which shows MAXIMUM incentive reimbursement levels¹:

<u>Type of product</u>	<u>Buy-downs</u>	<u>Product Mark-downs</u> <u>"Creative" Coupons</u>
Standard Compact Fluorescent Bulbs ≤ 16 watts	Up to \$1.40 per package	Up to \$1.60 per package
Standard Compact Fluorescent Bulbs > 16 watts	Up to \$1.60 per package	Up to \$1.85 per package
Standard Compact Fluorescent Bulbs > 23 watts	Up to \$1.85 per package	Up to \$2.00 per package
Multi-packs-Standard bulbs (max 8 per package)	Up to \$0.85 per bulb	Up to \$1.00 per bulb
Multi-packs->23 watts (max 8 per package)	Up to \$1.45 per bulb	Up to \$1.65 per bulb
Multi-packs-"Specialty" bulbs (max 8 per package) including reflector dimmable, 3-way, flood, pre-approved ² "covered" product	Up to \$2.10 per bulb	Up to \$2.45 per bulb
"Specialty" bulbs including dimmable, 3-way, flood, pre-approved ³ "covered" product	Up to \$2.50 per bulb	Up to \$2.85 per bulb
Reflector CFLs that have passed PNNL testing ⁴	Up to \$3.35 per bulb	Up to \$3.50 per bulb
Fixtures (MA, RI, & VT)	Up to \$12.00 per unit	Up to \$15.00 per unit
Fixtures (CT)	Up to \$8.00 per unit	Up to \$10.00 per unit
Torchieres (MA, RI)	Up to \$17.00 per unit	Up to \$20.00 per unit

Marketing

Manufacturers/retailers are encouraged to consider adding the following marketing activities in their proposals.

- Enhance Sponsor promotions at retail
 - Planned promotional themes include: Winter Energy Savings (Q1), Home Improvement (Q2), Earth Day (April 2007), Summer Energy Savings (Q3) and Change a Light, Change the World (Q4).

¹ Product/measure lifetime may be used to determine reimbursement levels.

² Pre-approval of "covered" products **must** be received **prior** to proposal submission.

³ Pre-approval of "covered" products **must** be received **prior** to proposal submission.

⁴ Massachusetts, Vermont and Rhode Island are only rebating reflector products that have passed PNNL testing or equivalent.

- Reinforce Initiative brand recognition in the marketplace by making use of Partner Point of purchase (POP) Templates or by following Initiative Brand Standards when developing unique materials (see attachment)
- Support Sponsor efforts to educate consumers about the benefits of ENERGY STAR qualified lighting products and how to buy them, e.g. matching particular products to particular purposes.
- Cooperative Advertising: The cooperative advertising percentage and dollar value caps will be subject to the number of participating retail locations and budget available. Proposals should take into account that promotions may vary on a state-by-state basis.
- Support can be in the form of special POP materials and displays, advertising, consumer education activities, wholesale or retail discounting, and/or special packaging.

Marketing Requirements

- All advertising and POP materials MUST feature the Initiative's "Save BIG" logo and Initiative URL, myenergystar.com, in addition to the individual participating Sponsor logos.
- All Creative Materials (POP, advertising, collateral) must be submitted for approval prior to printing or production.
- Must adhere to the Northeast ENERGY STAR Lighting Brand Guidelines (see attached) as well as the U.S. EPA and DOE ENERGY STAR Identity Guidelines.

Preparing a Proposal

Proposals must include a separate, completed *Request for Promotional Support Workbook* (see attached MS Excel files) for each state: Massachusetts, Rhode Island, Vermont and Connecticut. Please note that in 2007 we have created two distinctly different workbooks: one for Markdown proposals and one for Buydown proposals. Be sure to use the appropriate workbook file for your Product Markdown (Option 1) or Product Buydown/Creative Coupon (Option 2). In each workbook, a separate *Promotion Detail Worksheet(s)* must be completed for each promotion. Each workbook has a *Summary Worksheet* which is protected and automatically tallies total proposed promotional activities when the *Promotional Detail Worksheets* are filled in. Manufacturers partnering with more than one retailer, as well as retailers partnering with more than one manufacturer, must include ALL promotions in a single *Request for Promotional Support Workbook*. Promotion types may vary for any promotions included in a submitted *Summary Worksheet*. ***Incomplete Workbooks, or Workbooks that are not state-specific, will not be considered.***

If a proposal cannot be implemented on a state by state basis, a cover sheet must accompany the electronic submission explaining the reason why the promotion cannot be implemented this way. These proposals may be considered on a case by case basis.

Submission Deadline and Requirements

1. **The deadline for submission of proposals is February 23, 2007 5:00 PM EST.**
Completed proposals must include:
 - a) Completed *Northeast ENERGY STAR Lighting Initiative Negotiated Cooperative Promotion RFP Checklist and Signature Form*. Please submit multiple signature pages for each proposed promotion
 - b) All sample documentation (i.e. store-level shipping/receiving and/or sales data reports) pertinent to the promotion proposed.
 - c) Completed Marketing Plan for Negotiated Cooperative Promotions, including any special event details and proposed POP samples or other marketing materials
 - d) Completed state-specific *Buydown and/or Markdown Workbooks*.
2. Please send an electronic copy of your proposal (on CD or memory stick) by mail to the appropriate contacts below. For those sending proposals in for Connecticut and Rhode Island may also email copies of their proposal to the appropriate APT contact below. Items that cannot be sent electronically must be sent as hardcopy. These materials must also be received by February 23, 2007 5:00 PM EST.

Massachusetts & Vermont

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3. **A planned optional bidder's conference call is scheduled for February 6, 2007.** The tentative time for the call is 2:00 pm EST. Parties wishing to participate in the call are required to respond to Melissa Lucas at mlucas@neep.org by February 2, 2007 COB. Call-in details will then be distributed.

Questions regarding this RFP, developing a negotiated cooperative promotion proposal, or other aspects of the Sponsors' ENERGY STAR Lighting programs should be directed to Melissa Lucas at mlucas@neep.org by February 5.