NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
LYNDON B. JOHNSON SPACE CENTER

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION
PURSUANT TO TITLE 10 U.S.C. 2304(c)(1)

Energy Management Services

1. This document is a Justification for Other than Full and Open Competition prepared by the NASA Lyndon B. Johnson Space Center (JSC) in accordance with Federal Acquisition Regulation (FAR) Part 6.3, Other Than Full and Open Competition, and NASA FAR Supplement Part 1806.3, Other Than Full and Open Competition.

2. The nature and/or description of the action being approved: This justification provides the rationale for contracting by other than full and open competition for establishing an increase in the maximum contract value of the existing Energy Management Services Indefinite Delivery/Indefinite Quantity (IDIQ) Contract NNJ08JE85B awarded to Honeywell on May 30, 2008. This contract has a current not to exceed (NTE) value of $9,750,000 and is expected to be surpassed.

It is critical to increase the IDIQ ceiling to guarantee continuity of this critical Center operation support for Energy Conservation Measures (ECM) as Honeywell is expected to exceed the current IDIQ ceiling by April 2012, which is prior to the contract's completion date of May 31, 2013. The current ceiling was originally estimated to cover 5 years of performance; however, this estimate was based on limited historical data as this requirement was previously bundled with other requirements.

Services performed on this contract are divided between 1) the basic services Task Orders (TOs) issued upon the start of each new fiscal year (FY) for an estimated value of $1.39 million respectively, and 2) TOs that fund future planned, beneficial energy projects throughout the year that provide various Center upgrades. The action to increase the current ceiling is necessary to allow JSC to fund future energy projects in order to meet Executive Order 13423. The purpose of Executive Order 13423 is to reduce all federal facility 'environmental footprints' inclusive of energy and water usage. Due to the proprietary technologies developed by Honeywell, they are the only responsible source available.

3. Description of the supplies or services required, include an estimated value: The estimated value for this effort is $2,680,000; therefore, the overall contract value shall hereby be increased from $9,750,000 to $12,430,000.

The purpose of this contract is to provide Energy Management Services as follows:

a. Manage and monitor facility energy consumption through the use of the Honeywell Enterprise Building Integrator (EBi) and the EBi Energy Manager Software application to achieve JSC's energy objectives and ensure optimum performance of JSC's previously installed ECMs.

b. Sustain the operation of the energy monitoring and control system (EMCS) EBi system hardware and software, and communications (not including network communications) 24 hours/day, 7 days/week. Provide all EBi software updates and direct access for EBi software support from Honeywell technical assistance center. Expand existing EBi software point license and add EBi application drivers.

c. Maintain the building automation system hardware including controller maintenance on a semi-annual basis for all Honeywell family of XL5000 building controllers.

d. Utilize EBi system data to develop a strategic plan for JSC's electricity and gas block buys and commodity usage. Perform utility billing verification using EBi Energy Manager Module and provide future ECM recommendations necessary to meet presidential mandates and NASA Headquarters requirements.

e. Maintain, update, and manage "as built" drawings including a sequence of operations and control drawings, and controller programs using Honeywell XL5000 Care Software.

4. Statutory authority permitting other than full and open competition: The statutory authority permitting other than full and open competition is 10 U.S.C. 2304(c)(1) "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements." Per FAR 6.302-1(b)(2), the existence of limited rights in data, patent rights, copyrights, or secret processes; the control of basic raw material; or similar circumstances, make the supplies and services available from only one source.

5. A demonstration that the proposed contractor's unique qualifications or the nature of the acquisition requires use of the authority cited: In July of 1998, Honeywell was awarded an IDIQ Energy Savings Performance Contract (ESPC), NAS9-99075, through the Department of Energy (DOE) under full and open competition with a completion date of 2022. The authority for this type of contracting can be found at 42 USC 8287 and FAR 23.205, and allows Federal Agencies to contract with Energy Service companies for a period NTE 25 years at no direct cost to the U.S. Treasury. In February 1999, JSC issued a delivery order (DO) to Honeywell against their DOE IDIQ contract to develop a comprehensive energy savings program for JSC for the purpose of installing ECM and sustaining services for those measures creating the requirement outlined in section 3 of this document. The DO included 10 years of sustaining services, which expired in 2008; therefore, this contract is a direct result of the continuation of this requirement and potentially through the life of the DOE IDIQ contract issued in 1998.

The primary purpose of an ESPC is to develop, finance, and install projects designated to improve energy efficiency and reduce operations and maintenance costs for its customer's facilities. ESPC projects typically require a large initial capital investment and offer a relatively long payback period. The customer's debt payments are tied to the energy savings offered under the project so that the customer pays for the capital improvements with savings as opposed to appropriated funds.

As a result, approximately $20 million dollars worth of capital equipment was installed at JSC, Ellington Field, and Sonny Carter Training Facility, which provides approximately $2 million in energy cost avoidance yearly.

Consequently, Honeywell's EBi system was installed as the EMCS at JSC, and facilitates the monitoring process Honeywell uses to ensure cost savings are actually transpiring.

EBi is a complex system employing control algorithms specifically tailored by Honeywell for JSC's facility systems and equipment, and is used to manage and monitor JSC's energy consumption and savings. The Energy Manager module, an application within EBi, validates utility data, identifies energy demands, and provides the data necessary to negotiate future competitive utility rates. JSC executed Honeywell Building Solutions License Agreements for Honeywell EBi and Digital Video Manager Software Products, which state:

The Honeywell Enterprise Buildings Integrator and Digital Video Manager software is proprietary, and the title to the software remains with Honeywell. In addition, the agreement states that JSC will not sell, transfer, publish, display, disclose, or make the software or any copies available to others and will not reverse compile, disassemble or otherwise reverse engineer the software. Honeywell retains all right in patents, copyrights, trademarks, and trade secrets. Based on these limitations, no other company is able to utilize the Honeywell proprietary software required to manage, monitor, upgrade, and service the EBi system.

Honeywell has performed energy savings projects as TOs within this $9,750,000 contract. The estimated amount of TOs for Honeywell energy savings projects will be exceeded and is the reason for requesting additional funding for the issuance of more cost savings TOs.

6. Description of the efforts made to ensure that offers are solicited from as many potential sources as practicable: On September 22, 2011, this effort was synopsized in accordance with Subpart 5.2-Synopses of Proposed Contract Actions as a "sole source procurement" through the NASA Acquisition Internet System to ensure that the market interest and ability to perform this effort was adequately assessed. One response was received from Aetos Systems, Inc.

Based on the limited data provided by Aetos Systems, Inc's capabilities statement prior to them deciding on their firm's withdrawal from the acquisition process, the Contracting Officer's Technical Representative reviewed Aetos Systems, Inc. capabilities and determined that it was in the Government's best interest to sole source this effort to Honeywell based on the findings below:

a. Incapability to operate and maintain the existing proprietary EMCS without subcontracting to Honeywell which would include an additional layer of a costs since Honeywell is already performing the tasks directly;

b. Another company could replace EMCS with a different system. However, the costs to replace the existing proprietary Honeywell EBi is approximately $29,000,000, and is a duplication of costs that are already funded through the ESPC, NAS9-99075 as mentioned in section 5 of this document;

c. Replacing the existing 26,000 EBi control points would require an extensive amount of time, which may exceed the period of performance (POP) on this contract and during replacement efforts, the energy control system of the site might not be operable.

7. Description of the market survey conducted, and the results, or a statement of the reasons a market survey was not conducted: During the initial acquisition phase of this awarded contract, the acquisition team conducted a market survey to determine if Honeywell's authorized vendors were capable of utilizing the proprietary software installed at JSC and other JSC locations as authorized by the ESPC NAS9-99075, which is necessary to perform this effort. The team contacted multiple Honeywell Authorized Automation and Control Specialist (HAACS) contractors and concluded that "each HAACS verified that the software was proprietary to Honeywell and that they were unable to perform this effort. In addition, Honeywell's Automation and Control Division confirmed that authorized vendors may install only the building controller hardware managed by the EBi system; they are not authorized to utilize Honeywell's proprietary software." As such, the market research conducted at the beginning of this acquisition is still considered applicable for this action. New market research will be conducted for the follow-on procurement.

8. Other facts supporting the use of other than full and open competition: This increase in maximum contract value does not obligate the Government. Increasing the maximum value merely provides a bridge to cover planned FY 2013 projects and allows value for planned, potential requirements. The POP for the contract will not be increased and therefore will not exceed the 5-year maximum. TOs will be issued only as requirements and appropriate funding are identified.

9. Sources, if any, that expressed an interest in writing in the acquisition: One response was received: Aetos System, Inc. A discussion of this interested source is detailed in Section 6 of this document. On January 18, 2012, this firm elected not to continue pursuing this effort.

10. The actions, if any, the Agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required: There are no actions that the Agency can take at this time to overcome barriers to competition for subsequent efforts. The work associated with this effort is in continuation of managing JSC's EBi energy management system. At this time, due to the substantial duplication of costs stated above, it is in the best interest of the Government to continue this effort on a sole source basis.

The POP for this contract is for a base period of 5 years with a completion date of May 31, 2013. Upon completion, the follow-on activities may determine that the agency will either:

a. continue using the existing system through contracting with Honeywell due to the proprietary software, as discussed above;

b. determine that the existing system no longer meets the Agency's requirements and acquire a new one through competition; or

c. replace the existing system as part of competing a new ESPC contract, where the installed energy conservation measures require system replacement.