

## Merit-Based Work Allocation Policy

### Process

The merit-based work allocation system endeavors to provide a fair and transparent system for allocating non-affiliated work within The Mass Save Residential Coordinated Delivery Single Family and Attached Low Rise Program for National Grid and Eversource. The system ties contractor work allocation to measured contractor performance to provide the incentive to deliver the highest quality of work and customer experience in the program.

The contractor is scored on Program Administrator established components of contractor effectiveness. All components are reviewed, and an objective score is created for each component. These component scores are then weighted to create a final contractor grade. These grades are used to rank contractors on a scale relative to their peers. Available work is then preferentially distributed to those contractors in the highest tier, with the lower tiers getting a lower number of referrals.

Finally, the contractor scoring concept is a vital component of an integrated contractor management system and is linked to the contractor program participation agreement, as well as associated contractor statuses. Program status determines how much (if any) work will be allocated to a contractor, while providing clear cause of and support for removal from the allocation. The overall contractor management system drives the identification and promotion of our most effective business partners: those who will contribute the most to program success. The scoring system makes clear to the contractor the quality of performance that they must deliver in order to be recognized as high quality participants, which will in turn drive more business to their doors.

### Structure

Work is allocated through the following process: each contractor receives a score composed of six components, the scores are aggregated for a contractor grade, based upon contractor grade the contractors are grouped into tiers, and then work is assigned in order of tier and rank. All work is filtered by geography and technical limits of the contractor before assignment.

### Score Components

The following six components are each scored and then weighted. The sum of the six weighted component scores becomes the Contractor Grade. For details on how each component will be scored please reference the Scoring Methodology.

#### **1. Work Quality**

All measures and testing requirements are listed with the associated tasks that are necessary to successfully complete each. The field inspector rates the conditions in the house for each task, and the tasks are weighted based on relative importance. The sum of all the weighted ratings becomes the work quality score. This score is reduced by 1/3 if a return/repair is required for the job.

## **2. Customer Service**

Before the inspection, the field inspector asks the customer a series of standard questions about the professionalism of the contractor throughout the work process. The answers are weighted based on relative importance, and the sum of all the weighted answers becomes the customer service score.

## **3. Documentation/Data Quality**

The field inspector rates how well the documented information compares with the actual on-site conditions. An administrator rates the timeliness and completeness of paperwork and any discrepancies between the various documents that are submitted (either hard copy or electronically). The ratings are weighted based on relative importance, and the sum of all the weighted ratings become the document quality score.

## **4. Customer Time to Serve:**

The speed at which a customer is served is a vital component to maintaining a high level of customer service, as well as achieving increased throughput of weatherization projects over time. The time to serve has many aspects which include existing contractor backlog and capacity to timely manage new work. Consideration of project timelines, regardless of where the projects originate, will be part of program time to serve targets.

## **5. Customer Recruiting:**

Contractor's marketing efforts are an important component to supplement the work provided by the lead vendor. Focusing on customer recruitment helps contractors sustain their operation through slower times of lead vendor allocation, while also aiding utility clients meeting program goals and targets for the year.

## **6. Pricing Grade:**

Per the Green Communities Act the Administrators shall ensure that programs administered by them are delivered in a cost-effective manner capturing all available efficiency opportunities, minimizing administrative costs to the fullest extent practicable and utilizing competitive procurement processes to the fullest extent practicable. In working towards this cause the Administrators will be moving to a competitive bidding structure by including a Pricing grade as a component in overall contractor grades.

## **Contractor Grade and Tier**

The contractor grade is calculated by combining the component scores for a set time period. Those time periods differ by component and are detailed in the scoring methodology. If a Contractor does not have a significant data set within those time periods, the time period will be expanded for that Contractor. The contractor grade will place the contractor in a status and tier; however, that status can be overridden based upon other grounds the program defines.

All contractors eligible to receive work assignments (i.e. in Active status) are ranked by contractor grade and divided into three equal tiers based on the total number of active contractors.

<b>Status</b>	<b>Contractor Grade</b>
Active Tier 1	Top 3 <sup>rd</sup> of all grades
Active Tier 2	Middle 3 <sup>rd</sup> of all grades
Active, Tier 3	Lowest 3 <sup>rd</sup> of all grades
Probationary	As determined by the Lead vender

**Work allocation**

Work is first filtered based on location and technical limitations, and it is then allocated in cycles, with each tier getting more work assignments than the one below it. Within the tier, contractor grade governs the order of work allocation. The allocation ratio is set by the PAs and CLEARResult, and is subject to change at their discretion, based on Program objectives. PAs and CLEARResult also reserve the right to manually allocate to work any contractor when they deem necessary.

**Contractor status**

Contractor status is intended to identify contractors’ standing in the program and provide program management guidance regarding the contractors’ ability to successfully respond to work order assignments. Status will identify contractors who have violated tenets of the contractor participation agreement, or whose performance does not meet the expectations of the program.

➤ **Provisional Status**

All new contractors to the program gain Provisional Status by executing a program participation agreement and meeting the terms & conditions, and requirements outlined in the agreement.

Provisional Status contractors are scored along the lines previously outlined. Provisional Status contractors that enroll in the program are expected to bring their own customers to the program through the contractor referral process until such time that they achieve Active Status.

Provisional Status contractors are required to satisfactorily complete an appropriate number of jobs to result in 5 inspections within the first three (3) months of entering the program. These initial five inspections will be averaged to determine their work quality component. The completion of the work quality component will be the trigger to achieve active status. If the Contractor’s initial work quality grade is 8.0 or better, Active Status is achieved. Contractors with an initial grade below 8.0 or who do not bring in an adequate number of jobs to achieve 5 inspections over three months, will be moved to Probationary status.

➤ **Active Status**

Active status contractors have proven that they can meet the program expectations and can be eligible for participation in the program and assignment of work through the Merit Based Work Allocation System.

To maintain Active Status, contractors are expected to maintain program participation standards. Contractors who do not meet those standards will be placed in the Probationary Status and will not be eligible for work assignment through the program. Any Active Status contractor, regardless of their contractor grade, may be placed in the Probationary Status if there is a Work Quality Emergency Failure (the home has been left in a serious health and safety situation), program fraud is committed, or an egregious customer service escalation occurs as determined by the program.

Active contractors can also have their allocation “turned off” for failing to meet program time to serve or other program requirements. This does not change their status., it only suspends their work allocation until those issues are corrected.

Active Status contractors will be distributed into tiers based upon their contractor grades as described above. The tiers will determine the amount of work that is assigned to the contractor, the highest tier receiving more work than lower tiers.

➤ **Probationary Status**

Contractors who do not maintain the standards described in the Provisional or Active Statuses will fall into the Probationary Status. Once on probation, no jobs will be assigned to a contractor, and any jobs that had been assigned and were not started may be reassigned. Any new work will need to be brought into the program by the contractor until their status changes. A clear work plan for moving to Active Status will be presented to and agreed to by the contractor. This work plan will be prepared by CLEARResult in consultation with the client.

If a contractor is placed on probation for a Work Quality Emergency Failure (e.g. the home has been left in a serious health and safety situation), the Program will undertake additional retroactive investigation to ascertain whether the issue is isolated or part of a pattern of problems. A pattern of problems may be grounds for moving to Suspension/Termination.

Contractors could also be placed on Probationary Status for failing to meet certain vital health and safety, regulatory, scheduling and backlog management or other programmatic requirements articulated elsewhere in the Contractor Participation Agreement.

➤ **Suspension/Termination Status**

Contractors who fail to improve after being placed on probation will be suspended/terminated. At the point the contractor is suspended/terminated, all jobs that have not been completed would be reassigned to other contractors. If a suspended contractor wanted to re-enter the program, they would need to serve their suspension and then provide evidence that the problems have been corrected and could enter as a Provisional Status contractor. Contractors could also be suspended/terminated for failing to meet certain vital health and safety, regulatory, scheduling and backlog management or other programmatic requirements articulated elsewhere in the



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Contractor Participation Agreement. Depending on the level of the violation a contractor may move directly to suspension or termination without moving through probationary status.