REQUEST FOR PROPOSALS FOR ENERGY EFFICIENCY PROGRAM MANUAL

WPPI ENERGY

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EXECUTIVE SUMMARY

Using a request-for-proposal format, the RFP for Energy Efficiency Program allows customers to bid for funds to implement energy efficiency projects. The RFP for Energy Efficiency Program offers an alternative approach to conventional utility incentives in that it allows customers the flexibility to determine how best to meet financial requirements for project approvals. WPPI Energy and its member utilities have committed significant funding to the Request for Proposals (RFP) for Energy Efficiency Program to encourage investment by large commercial and industrial utility customers in energy efficiency improvements. Customers may submit proposals on their own or in partnership with a third-party energy consultant or vendor. Applicants can decide the level of financial assistance needed to make energy efficiency improvements an economical investment. Because it is a competitive process, winning bids will be determined by WPPI Energy and is members as being projects that are the most cost effective and energy efficient. This manual summarizes the program.

Further, the project proposal and reporting process are designed to encourage exploration into large energy saving projects in order to assist facilities to manage rising energy costs, promote economic development, protect the environment, and achieve WPPI Energy's electrical efficiency goals.

All commercial, industrial, and institutional customers receiving electric service from a WPPI Energy member utility are eligible. Qualified projects must meet one or both of the following criteria 1) reduce peak energy demand of the facility by 20 kilowatts (kW) or more during the peak hours during the months of June, July, August and September, from 2PM to 5PM, Monday through Friday, and/or 2) reduce total annual energy consumption of the facility by 100,000 or more kilowatthours (kWh).

WPPI Energy offers two funding cycles throughout a calendar year, and each cycle follows specific schedules for each round of funding.

1. INTRODUCTION

The RFP for Energy Efficiency Program allows large power usage facilities to bid on incentive funds available from WPPI Energy to implement energy efficiency projects. Qualifying facilities may submit a Bid Application for projects identifying the incentive required for the completion of the project. Bid Applications must be submitted directly by the facility.

The program is designed to advance large electrical efficiency projects that either do not qualify for WPPI Energy's efficiency improvement incentives, Focus on Energy financial incentives, or projects where conventional incentives are not sufficient to meet corporate hurdle rates. This program allows the participants to specify the financial incentive level necessary to ensure project completion on an individual project basis. Bid Applications must be received by the submission deadline.

1.1. Program Goals

The objective of the program is to boost stalled energy efficiency projects. The program will help businesses manage rising energy costs, promote economic development, protect the environment, and control the growing demand for electricity. The program is customer driven. It is the responsibility of the customer to design and implement all aspects of each energy efficiency project, or align themselves with trade allies to assist in project planning and implementation.

2. PROGRAM OVERVIEW

The program goals will be achieved by awarding funding to selected projects that are proposed in response to our issued Requests for Proposal. Eligible facilities will submit project proposals that decrease energy demand and consumption. The submitted project(s) will include a request for the minimum incentive to obtain management and budgetary approvals to proceed. WPPI Energy will rank projects according to their cost effectiveness, proposal quality and other qualitative parameters.

2.1. WPPI Energy Role

WPPI Energy will budget the funding needed for each round of the RFP to attract large power customers to submit bid applications. Each round has been set at $200,000. Milestone dates will be set for the funding announcement, due dates and project awards. A funding cycle will require 3 to 4 months from announcement to awards. Large power customers with a peak demand of 200 kW will receive announcement letters during the bid submission phase. WPPI Energy will prepare and post all necessary materials on the WPPI Energy website including the Bid Application, bid cycle timelines and contact information. The Energy Services Manager can provide support to large power customers to identify potential projects, compile info needed for bid, and estimate a project's economics. WPPI Energy will evaluate each bid for thoroughness and help track down additional information if necessary.

2.2. Customer Role

Bidders will complete a Bid Application form and submit all requested documentation to WPPI Energy. Projects may not be started and equipment may not be purchased until written approval is received in the form of an acceptance letter from WPPI Energy. If a bid is approved, the applicant will have 90 days to start the proposed project. Failure to complete the project within the proposed timeline may result in the loss of the incentive payment. A written request for an extension may be granted contingent on the project scope, complexity, and equipment lead time. All efficiency measures proposed must meet or exceed the Minimum Efficiency Requirements set by WPPI Energy.

3. PROGRAM PARAMETERS

3.1. Eligible Facilities

All proposed projects must be planned for facilities that are receiving electric service from a WPPI Energy member utility. WPPI Energy member utilities can be found at wppienergy.org/our-members. Equipment vendors, engineering consultants, independent contractors, and other third-party service providers are invited to propose qualifying energy efficiency projects in conjunction with an eligible utility customer, but only commercial, industrial, and institutional customers receiving electric service from a WPPI Energy member utility may sign the Bid Application Form and receive payments. Incentives cannot be assigned to any other party.

3.2. Eligible Project Requirements

The following must be achieved with one or more energy efficiency measures within a single Bid Application Form:

- Projects must produce measurable demand reduction at the facility of 20 kilowatts (kW) or more during the on-peak hours of 2PM to 5PM, Monday through Friday, during the months of June, July, August and September and/or
- Projects reduce the annual energy consumption of the facility by 100,000 kilowatthours (kWh) or more.
- Aggregating energy efficiency measures from multiple facilities is allowed as long as all of the facilities are owned by the same parent company and operated by the same corporate management and each facility is served by a WPPI Energy member utility.
- All energy efficiency measures proposed must meet or exceed the Minimum Efficiency Requirements set by WPPI Energy's RFP for Energy Efficiency Application Form, which is available for download at wppienergy.org.

3.3. Ineligible Energy Efficiency Projects

The following are excluded from consideration in this program:

- Projects with 50% or more of annual energy savings coming from lighting upgrades.
- Projects with prior budgetary approval or that have already commenced.
- Measures that rely solely on human behavior changes.
- Measures that are required by state or federal law, building codes or are standard industry practice.
- Measures that involve plug loads.
- Measures that involve purchases of used or rebuilt equipment.
- Measures that achieve savings through equipment maintenance, or operational changes without an equipment efficiency upgrade.
- Projects that solely reduce natural gas consumption.

3.4. Electrical Demand and Energy Reduction Calculations

The demand reduction is determined by the total peak kW reduction used during on-peak hours of 2PM to 5PM, Monday through Friday, during the months of June, July, August and September. Calculation of energy reduction is simply the total net annual energy usage (kWh) reduction over the course of one year, as a result of the completed project.

It should be considered that reviewers of submitted proposals, while having a technical efficiency background, will not have knowledge of each specific application. To achieve higher scores and minimize requests for additional information please:

- Include all formulas used and break calculations into easy to follow steps
- Document any inputs, reports, or assumptions used during calculations

- Explain any software used for estimations and any inputs used for simulations
- Attach any manufacturer's spec sheets, vendor estimates, or electrical metering used to determine energy usage

Your Energy Services Manager or the Program Administrator may be contacted for advice on estimating specific projects.

3.5. Bid Limitations

All project proposals must include an incentive request and an estimate of annual energy and demand usage reduction. All incentive requests should be limited to the minimum incentive needed to obtain internal management and budgetary approvals. Proposed projects will be ranked on the energy and demand savings and required incentive needed. Significant competition is anticipated for the finite amount of funds available for each bid cycle. The highest ranking bid requests are nominally close to 1-3 times the cost of a project's annual energy savings.

3.6. Award Payment

Incentives will be paid after the successful completion of the project has been verified by WPPI Energy. Measurement and verification may be made at any point during the project. Incentive recipients allow WPPI Energy access to the project facility during and after completion of the project. Under no circumstance will WPPI Energy make award payments for verified energy savings in excess of a project's bid request, nor will incentives be awarded that exceed the project's cost.

Projects must be completed before the proposed project deadline in order to receive incentives. A written request for an extension may be granted contingent on the project scope, complexity, and equipment lead time.

4. PROGRAM PROCEDURES

4.1. Request for Proposals

WPPI Energy will issue an RFP for Energy Efficiency to solicit program participants for each bid cycle. The proposed project must be summarized on the Bid Application form, and should include the following supplementary information:

- **Project Background** - Attach a detailed description of the proposed project. Include background detailing how this project was chosen (e.g. energy audits, planned maintenance upgrades, efficiency management plan). Describe other energy efficiency opportunities that were explored, and
  if the completion of this project could lead to similar projects if this one is successful. Include information on non-energy saving project benefits, how the projects affects the facility, and if there are plans to measure the energy savings. Higher rankings projects are comprehensive and combine multiple energy savings measures.
- **Statement of Need** - This will describe how the requested incentive is necessary to support your company's financial goals. It may include ROI, corporate hurdle, high risk, project payback, or other barriers. Also, provide details on any other funding sources for the project such as incentives, grants, low interest loans, manufacturer's discounts, etc.
- **Vendor Proposal** - Attach a copy of the vendor proposal for the project to the Bid Application, including a description of the equipment to be installed, technical details with copies of manufacturer specifications, and total cost of the project.
- **Estimate of Savings** - Attach an estimate of the electrical demand and energy savings to the Bid Application, with all the equations and assumptions clearly stated. Estimates of savings include a detailed examination of the baseline energy
  use and projected energy and demand reductions, as well as a plan for verification of saving after

project completion. The use of electronic spreadsheets is encouraged. If a simulation is used, please provide a description of how the simulation calculates the savings. Documentation of a baseline condition is required.

It should be considered that reviewers of submitted proposals, while having a technical efficiency background, will not have knowledge of each specific application. To achieve higher scores and minimize requests for additional information please:

» Include all formulas used and break calculations into easy to follow steps

» Document any inputs, reports, or assumptions used during calculations

» Explain any software used for estimations and any inputs used for simulations

» Attach any manufacturer's spec sheets, vendor estimates, or electrical metering used to determine energy usage

- **Project Timeline** - Attach a projected schedule that shows necessary management and budget approval dates, vendor contract negotiations, engineering and design, equipment delivery and installation, and project completion.

4.2. Evaluation and Scoring of Proposals

Scoring of proposed projects will be infl uenced by electrical energy savings, avoided utility cost (cost avoided by offsetting power supply resources), and project economics. Preference will be given for projects that combine multiple energy saving technologies or measures, and to bidders that can demonstrate all reasonable electrical efficiency opportunities have been reviewed.

4.3. Program Participant Agreements

All proposed projects may not be started and equipment may not be purchased until written approval is received in the form of an acceptance letter from WPPI Energy. The applicant will have 90 days from the bid approval date to start the proposed project. Failure to comply with the agreed timeline may result in loss of incentive payment. A written request for extensions may be granted contingent on the project scope, complexity and equipment lead time.

5. MEASUREMENT AND VERIFICATION ACTIVITIES

Measurement and verification (M&V) techniques are frequently used to affirm the project's savings. The general approach is to estimate savings using a pre-installation, or baseline, usage and post-installation usage. WPPI Energy's Energy Services Manager can assist in the establishments of baselines and measurements of savings.

M&V procedures may vary depending on measures installed. Measure types will depend on the predictability of equipment operation, the availability of evaluation data from previous programs, and the benefits of the chosen M&V approach relative to its cost.

6. PROGRAM SUPPORT

6.1. Website

Links to the RFP for Energy Efficiency Program, and necessary forms can be found at wppienergy.org including:

- Program description
- Bid application
- Deadlines for current bid cycles
- List of WPPI Energy member utilities
- Minimum efficiency requirements

6.2. Program Contact

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