



**PROGRAM OPPORTUNITY NOTICE
EFFICIENCY MAINE TRUST**

**CUSTOM INCENTIVE PROGRAM FOR
ELECTRICAL EFFICIENCY PROJECTS**

PON EM-001-2017

Opening: July 1, 2016

Closing: June 30, 2017

Revised: January 18, 2016

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SECTION 1: PON INFORMATION AND INSTRUCTIONS

1.1 Purpose of This Proposal Request

Through this competitive Program Opportunity Notice (PON), the Efficiency Maine Trust (the Trust) is seeking proposals for electrical efficiency projects from customers within the State of Maine and served by an electric utility in Maine. The Trust will refer to this as the Custom Electric PON. Projects awarded through this PON may be supported with funds from the Electric Procurement Funds, Regional Greenhouse Gas Initiative (RGGI), the Maine Power Reliability Program (MPRP), and the Proceeds from the Forward Capacity Market or a combination of these sources.

1.2 Program Description

The Trust is seeking proposals for electrical efficiency projects with the principal goal of reducing grid-supplied kilowatt hour (kWh) consumption from businesses that use electricity delivered through Maine's electrical grid.

Incentive awards are anticipated to range between \$200,000 and \$1,000,000 per project per year.

1.3 Contact Person

The Trust encourages any applicant who has interest in or questions around this PON to contact the Trust. The Trust's designated contact for this PON is as follows:

Ian Burnes, Strategic Initiatives, Team Leader

Efficiency Maine Trust

168 Capitol Street, Suite 1

Augusta, ME 04330-6856

ian.burnes@efficiencymaine.com

207-213-4149

1.4 Program Term

The Trust will accept applications to the Custom Electric PON starting on July 1, 2016 and ending on June 30, 2017. The Trust will review these applications periodically and make awards to applicants who meet the criteria within this PON.

SECTION 2: PROJECT ELIGIBILITY

The Trust has budgeted \$3.3 million for projects submitted under this PON and PON EM-009-2017.

2.1 Award Limitations

There is an annual limit of \$1,000,000 in total funding awards per participating entity under the terms of this PON. The limit applies to single entities or multiple entities that are part of an affiliated group of companies under common ownership or control. The limit will be applied to all proposals awarded by the Trust under this PON and PON EM-009-2017 during the Trust's fiscal year (July 1, 2016 through June 30, 2017). Funds received through the Custom Thermal PON EM-002-2017 or through the Trust's Prescriptive Program for other projects will not be considered toward this cap.

Entities may apply up to three years of their annual cap to one project provided it meets all other criteria in this PON. For example, an awarded project may be eligible for \$3,000,000, but that incentive will be paid out in three, \$1,000,000 installments, if the project is awarded in FY2017. For projects awarded in FY2018, the maximum payment would be two, \$1,000,000 installments; in FY2019, only one, \$1,000,000 installment is possible.

For retrofits of existing equipment, applicants must provide a minimum 50% cost share for the project¹.

For new construction or projects that are deemed a 'lost opportunity' by the Trust, such as replacement of a piece of equipment that is at or near the end of its useful life, applicants must provide a minimum of 25% of the incremental cost as measured between the efficient alternative and the industry standard.

The incentive award will also be capped based on the magnitude of the validated annual reduction in grid-supplied energy (kWh/year). Incentives will not exceed \$0.28 per kWh of validated annual reduction in grid-supplied energy.

2.2 Eligible Projects

An eligible energy efficiency project is a measure at a single facility or campus that increases the end-use electrical efficiency relative to an established baseline, resulting in annual reductions in grid-supplied energy of at least 714,285 kWh per year.

A recipient must have an account with a Maine electric utility at the site of the proposed project and must purchase kWh greater than the total kWh reductions from the measures proposed at each proposed site.

Incentives awarded under this PON are intended to influence the implementation of projects that the applicant could not implement in the foreseeable future if not for the incentive. Proposals should include a discussion of the need for the incentive, and an attestation from the participant documenting the influence of the incentive on the decision to proceed with the project.

¹ Affected Customers identified by the PUC in their July 2016 Order in docket number 2016-00143 will be subject to different award limitations consistent with recent amendments to Title 35-A MRSA § 10109 and adjustments to the Custom Program guidelines as specified by the Trust.

2.3 Ineligible Projects

The following projects are not eligible for funding under this incentive program:

- Measures available through Efficiency Maine’s Commercial and Industrial Prescriptive Program²
- Lighting Measures that fall into one of the 20 categories listed under the Design Light Consortium Technical Requirements
- Measures implemented at multi-family buildings
- Projects that have a simple payback from the customer’s perspective of less than a year, after factoring in all incentives, from the Trust or any other entity;
- Measures required by state or federal law, or local building or energy codes, or measures that are deemed by the Trust to be standard industry practice
- Projects for which the customer had made binding commitments to proceed prior to the official award of funding under this PON
- Measures that rely solely on human behavior changes or facility maintenance
- Feasibility studies
- Power quality, power factor, and power conditioning projects
- Projects that do not score greater than 1.0 on the Total Resource Cost test as administered by the Trust
- Projects that do not result in an overall kWh use reduction of at least 714,285 kWh annually, except in the case where measures are intended to expand facility use or production and will result in an overall kWh use reduction when compared to an alternative code compliant, baseline alternative
- Seed money for projects to be completed and funded subsequently

2.4 Other Efficiency Maine Programs

No project that is awarded an incentive through this PON may receive any additional incentives from Efficiency Maine’s Commercial and Industrial incentive programs.

2.5 Funding Limitations

The Trust will limit the use of funds from the Settlement of the Maine Power Reliability Program to projects housed at sub-transmission and transmission customers located in Central Maine Power’s (CMP) service territory. The Trust will use other sources of funds to provide incentives through this PON for other customers or for projects located outside of CMP territory.

² For a full listing please visit <http://www.energymaine.com/at-work/ci-prescriptive-incentive-prog/>

SECTION 3: AWARD CRITERIA

Successful applications for an incentive award will demonstrate the project's ability to meet or exceed the criteria related to grid-supplied energy reductions, and overall project readiness described in this section.

3.1 Grid-Supplied Energy Reductions

The Trust will apply the following approach when calculating the magnitude of the validated reductions in grid-supplied energy:

1. The reductions must be measureable and the equipment must be grid-connected.
2. For the replacement of existing equipment, that does not meet the criteria set forth in number three of this section, kWh reductions will be measured by the increases in efficiencies directly attributable to the new equipment.
3. For new facilities, facility expansions, or projects that are deemed a 'lost opportunity' by the Trust, such as replacement of a piece of equipment that is at or near the end of its useful life, the reductions will be the difference between the kWh that would be consumed through use of industry standard equipment or processes and the kWh that will be consumed in the proposed project.

All proposals will be subject to an engineering review by an independent firm retained by the Trust to assist in the validation of projected energy savings. The Trust reserves the right to request more information and/or to modify applicant claims of kWh savings based on the independent engineering analysis before making an award.

3.2 Management and Resource Adequacy and Project Readiness

Applications will also be evaluated on the basis of the resources and management in place to execute and maintain projects, as well as an overall assessment of project readiness, including commitments for match funding. Please refer to Section 4 for proposal requirements.

The Trust will consider evidence that the following factors are in place when making decisions related to management and resource adequacy and readiness:

- **Project Approvals**, including evidence that all necessary internal approvals to proceed with the purposed measures are in place should the project receive an award;
- **Costs and Financing**, including evidence of their ability to provide the minimum match as required in section 2.1, through internal sources, third-party financing agreements, project partners, or other commitments;
- **Project Budget and Schedule**, including the reasonableness of the applicant's budget and schedule and the ability of the project to reach completion within a year of the award date or another agreed-upon time frame;
- **Permitting**, including the need for and status of all necessary permitting equipment, including the ability of the applicant to secure the equipment on-site within the project schedule, reasonableness of cost information, and suitability of the selected equipment to the project;
- **Project Management Organization and Qualifications**, including the relevant corporate qualifications as well as key relevant personnel experience and qualifications and,

- **Risk Management**, including the strategies in place to limit exposure to uncertain future events that, if they materialize, will impact the ability of the project to deliver the claimed kWh savings and peak summer demand reductions detailed in section 3.1.

The Trust reserves the right to disqualify a proposal that fails to demonstrate sufficient experience, planning, and resources needed to execute a successful project within a reasonable timeframe.

SECTION 4: APPLICATION REQUIREMENTS

Applications must present a concise and complete description of the proposed project and the applicant's capabilities for satisfying the requirements outlined in this PON. Applicants must adhere to the following outline and page limitations where specified:

4.1 Non-Confidential Project Overview (Not to Exceed One Page)

Please provide a brief non-confidential project overview for the Trust to circulate to the public in the event that the applicant's proposal is awarded funding.

4.2 Project Overview (Not to Exceed One Page)

Please provide a brief project overview including measure description, project management team, and an overview of the project's financial backing.

4.3 Technical Proposal (No Restriction on Length)

The PON response should focus on the Technical Proposal. The savings calculation methodology and the data, inputs, and assumptions used in the calculations should be as project specific and well-documented as possible.

While applicants should provide as much information as they deem necessary for the technical review committee to validate the engineering analysis used to calculate the projected summer peak KW demand reduction and annual reduction in grid-supplied energy (kWh), redundant or excessive documentation is discouraged. Applicants may refer to documentation that is in their possession, which the review team may request if they wish. Relevant documentation should include:

1. Proposed measures
 - A list of equipment and components to be installed, including manufacturers' catalog/model number, potential vendors, price information, and status of equipment availability
 - Manufacturers' specification sheets for all major components
 - All operational assumptions determined by industry-accepted engineering analysis
2. Existing system summary including
 - A description of existing equipment with make and model number and cut sheets if available
 - Metered data for the equipment or process to the extent it is available
 - Hours of operation of the process or equipment
 - Bin data used if applicable
 - All operational assumptions including measured energy consumption or industry accepted engineering analysis

If using a theoretical baseline, please provide assumptions and justifications. The analysis should make use of metered or historical performance data to the greatest extent possible. Where this data is not available or practical to obtain, inputs and assumptions used in the analysis should be project specific, with a clear explanation of how they are derived.

An Excel workbook containing example calculations is available on the Efficiency Maine website at: <http://www.energymaine.com/custom-electric-projects/>. This spreadsheet is intended primarily to illustrate the level of analysis that is expected in the proposals. The spreadsheet can be utilized in the proposal if it will expedite proposal preparation, but alternative formats are also acceptable.

Where appropriate, please include an electronic Excel file with your proposal submission (see section 5.1). **Energy savings calculations in a PDF format will not be accepted.** Please reference the electronic Excel document in the written proposal and provide any notes or assumptions used to calculate energy savings.

The Trust reserves the right to do a pre-award inspection and to review and adjust savings or cost calculations. In all cases, the Trust's determinations with regard to costs and savings and other technical or operational items will be final. The Trust also reserves the right to request additional information from applicants.

4.4 Management and Resource Adequacy and Readiness (Not to Exceed Two Pages)

Please provide a description of the resources and planning in place and documentation of project readiness. Relevant information may include:

1. **Project Approvals:** Applicants must provide evidence that the necessary internal approvals needed to proceed with the proposed project are in place. We understand that these approvals may be conditional upon receiving the incentive. Applicants unable to provide this information by the close of this PON must indicate a timeframe for receipt.
2. **Project Payback:** Explain how the incentive requested will help this project meet the capital planning criteria of your company. Please provide the cost of implementation, the reduced electrical costs, and copies of past electric service bills including supply and delivery costs.
3. **Costs and Financing:** Applicants must provide a letter on organizational letterhead signed by an authorized representative of the organization acknowledging the participant's commitment to contribute a specified amount of matching funds during the term of the award (Section 2.1). If project viability is contingent on financing, the applicant must identify the lending institution as well as the status of the financing.

If a third party (i.e., a party other than the organization submitting the proposal) proposes to provide all or part of the required cost sharing, the applicant must include a letter from the third party stating that it is committed to providing a specific minimum dollar amount of cost sharing and demonstrating its ability to do so. The letter should also identify the proposed cost-sharing. Letters must be signed by the person authorized to commit the expenditure of funds by the entity.

Letters of support from other organizations (i.e., not project partners) interested in lending their support to the worthiness of the project will not be considered and should not be included as part of the proposal.

4. **Project Budget and Schedule:** Provide a detailed project budget and schedule, including a chart showing project milestones that include but are not limited to the following:
 - Significant budget items
 - Any pending internal or external approvals that are necessary for the project to move forward and a date certain for obtaining them

- All permits required to proceed with the project
- Planned equipment purchases, installation, and testing
- Funding schedule as required by Section 4.5
- Risk management strategies

Each proposal should include a high-level Schedule of Values outlining the major milestones of the project, estimated costs, and expected completion dates. The Schedule of Values will assist with the progress payments for each project awarded an incentive. For basic projects the Schedule of Values may be as simple as providing any labor and material costs, equipment delivery dates, and a project completion date. For a larger project such as a complex process upgrade, the Schedule of Values may include items such as site work, foundations completed, building construction, equipment order, delivery and installation dates, and project start-up date.

5. **Permitting:** If applicable, provide an explanation of any additional permits necessary to proceed with the project and an explanation of the process and timeline required to receive them. If possible, provide documentation from the relevant permitting authority confirming the applicant's understanding of their standing within the permitting process.
6. **Project Management Organization and Qualifications:** Provide an organizational chart or explanation of roles and responsibilities of key project staff and partnership relationships, if applicable. Include the relevant corporate qualifications as well as key relevant personnel experience and qualifications. Resumes may be included.

4.5 Milestones and Funding Schedule (Not to Exceed One Page)

For projects not requiring milestone payments, the award will be disbursed after the project has been completed, all supporting invoices are provided, a satisfactory post installation inspection has been completed, and the final incentive amount has been determined. For projects requiring milestone payments, award funding will be disbursed at project milestones as established in the contract. The final milestone payment (at least 10% of the incentive award) will not be awarded until the project is complete, supporting documentation is provided and a satisfactory final post-installation inspection has been conducted. Please outline the major milestones of your project and a proposed payment schedule. The Trust will look to the funding schedule to confirm whether applicants have shared project risk with the Trust. Please include the funding schedule in the overall project schedule required in Section 4.4.

SECTION 5: SUBMITTAL INSTRUCTIONS

Applicants are encouraged to contact the Trust as they are developing their projects. To be considered for review, applications must adhere to the following specifications:

5.1 Submittal Format

Applications must include the information requested in Section 4. Submit a completed application with all supporting documentation referencing:

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Applications must be delivered to the Efficiency Maine Trust, 168 Capitol Street, Suite 1, Augusta, ME 04330-6856.

SECTION 6: INCENTIVE AWARD

6.1 Contract

For any award for a project over \$200,000, incentive award recipients will be required to enter into a contract with the Efficiency Maine Trust.

If the Trust does not come to agreement with the recipient within 60 days from the review committee's decision, it reserves the right to rescind the award and reallocate funds.

Efficiency Maine reserves the right to place a UCC lien on any piece of equipment purchased with the proceeds of this Program Opportunity Notice.

Efficiency Maine reserves the right to adjust the final incentive award amount based on as built savings and costs.

6.2 Award Decisions

Following the evaluation process, award decisions will be made by the Trust and communicated to the applicant in writing via email.

6.3 Measurement and Verification Requirements

All recipients must agree to independent third-party verification of project completion and kWh savings under terms that will be established by the Trust for each approved project. Actual award of an incentive will be conditioned on applicant acceptance of these M&V requirements.

6.4 Limitations

This solicitation does not commit the Trust to award a contract, to pay any costs incurred in preparing a proposal or provide oral or written clarification of its contents, or to procure or contract for services or supplies.

The Trust reserves the right to reject any proposal that in its sole determination does not meet the requirements and specifications of this PON, the Trust's rules, Maine law, or generally accepted business practices. The Trust may seek clarifications of proposals.

The Trust will award funds to proposals that meet the requirements of this PON provided that sufficient funding is available in the Custom Program budget when the proposal is received. The Trust may not award all of the available funds through this PON and may issue another PON for the remaining funds. Additionally, the Trust reserves the right to award less than the amount requested per proposal through negotiation with the potential recipient. The Trust reserves the right to reject proposals that do not fundamentally advance the goals of reducing grid-supplied electricity and have a benefit-to-cost ratio greater than one.

6.5 Request for Reconsideration

An aggrieved person may request a hearing for reconsideration of a contract award decision by filing a written petition with the Executive Director of Efficiency Maine Trust within 14 calendar days of the notification of the contract award. Each petition to reconsider must meet the requirements specified in Efficiency Maine Trust Rule Chapter 1, Contracting Process for Service Providers and Grant Recipients, Section 5(B), which can be found on the Efficiency Maine Trust website the Policies section of the Library:

<http://www.energymaine.com/wp-content/uploads/2012/12/Chapter-1-Contracting-Process-for-Service-Providers-and-Grant-Recipients.pdf>

6.6 Reservation of Rights

Efficiency Maine Trust reserves the right to cancel or extend the PON term at any time. Efficiency Maine Trust also reserves the right to reject any and all submissions in response to this PON and to waive formalities if doing so is in the best interests of Efficiency Maine Trust.

6.7 Publicity of Applicant's Participation

Efficiency Maine reserves the right to disclose certain information about the applicant's participation in the program, including, but not necessarily limited to, the applicant's name, the incentive amount, and projected energy savings. Applicants may seek to have certain energy consumption and business sensitive information treated as confidential pursuant to Title 35-A MRS §10106.

APPENDIX A: AFFECTED CUSTOMERS

See attached Memorandum – RGGI “Affected Customers” – Incentive Match Protocol per P.L 2015 c. 498



Memorandum

January 13, 2017

To: Energy Resource Solutions (ERS) – Delivery Team for C&I Custom Program
From: Ian Burnes, Strategic Initiatives Team Leader
Emily Cushman, Program Manager
Re: RGGI “Affected Customers” – Incentive Match Protocol per P.L 2015 c. 498

A. Background

In the spring of 2016, the 127th Session of the Maine State Legislature enacted P.L. 2015 c. 498: *An Act to Reduce Electric Rates for Maine Businesses*. This law requires that the Efficiency Maine Trust (EMT) remit \$3 million in annual Regional Greenhouse Gas Initiative (RGGI) revenues to a small number of “Affected Customers” in the form of a refund, or “disbursement”. The Public Utilities Commission (PUC) published the list of Affected Customers and their respective disbursement values in its order of October 21, 2016 in Docket No. 2016-00143.

Per the Act, an Affected Customer is ineligible for RGGI-funded incentives through EMT’s programs if that customer elects to keep its disbursement. If, however, an Affected Customer elects to apply its disbursement to an energy efficiency project approved by the Trust, the Act provides a mechanism for that customer to continue its participation in RGGI-funded programs. The Trust’s protocol for how that participation will be implemented is explained in further detail in this memorandum.

Title 35-A of the Maine Revised Statutes §10109(3-A) states the following:

Affected customers who use the disbursement toward an efficiency measure approved by the trust in the fiscal year in which it is received must receive \$1 of assistance from the trust for every \$3 that is applied by the affected customers toward the cost of the approved efficiency measure as long as the total of assistance from the trust and the disbursement allocated by the commission under this subsection for that customer for that fiscal year does not exceed 65% of the total measure cost.

It is worth noting that, with significant downward adjustments to RGGI revenue forecasts, the Affected Customer disbursement will now far exceed what those customers are paying in increased electric costs due to RGGI. At the time the law was enacted, \$3 million represented 18% of the \$16.6 million annual RGGI revenue forecasted for FY17. That percentage was expected to decline further relative to the rising RGGI revenues that were originally forecasted for FY18 and FY19. Today, however, the annual RGGI revenue forecast is dramatically changed from the original. The Trust is forecasting that revenues will be only \$7 million for FY17 and each of the next two years; \$3 million accounts for 43% of that budget. After netting out roughly \$1.2 million for general annual expenses associated with measurement, verification and evaluation, program administration, overhead and oversight, and splitting the remaining funds with other residential and commercial programs, this leaves just under \$700,000 per year of RGGI funds for the Commercial & Industrial (C&I) Custom Program.

B. Stakeholder Process

In November 2016, EMT convened the RGGI Affected Customer Stakeholder Group to solicit input regarding the interpretation and implementation of the Act's incentive match provision. The following individuals attended the stakeholder meeting on November 30, 2016.

In person at EMT's Augusta Office:

- Todd Griset, Industrial Energy Consumers Group (IECG)/Preti Flaherty
- Dylan Voorhees, Natural Resources Council of Maine (NRCM)
- David Norman, Verso
- Paul Serbent, Huhtamaki
- Ian Burnes, EMT
- Emily Cushman, EMT
- Peter Eglinton, EMT
- Michael Watson, Energy Resource Solutions (ERS)
- Bruce Harrington, Energy Resource Solutions (ERS)

Via phone/webinar:

- Angela Monroe, Governor's Energy Office (GEO)
- Randall Davis, Sappi
- Robbin Whipple, Irving Forest Products
- Russell Coulter, Hancock Lumber
- Stephen Rowe, Hancock Lumber
- Michael Stoddard, EMT

The discussion centered around two central questions:

1. Does the EMT match apply to the disbursement only or the disbursement *plus an additional contribution* from the Affected Customer?
2. Does the Affected Customer have to put forth its *full disbursement* to be eligible for an EMT incentive?

The following stakeholders submitted written comments by the requested date (December 14, 2016):

- Angela Monroe, GEO
- Todd Griset, IECG/Preti Flaherty
- Dylan Voorhees, NRCM
- Russell Coulter, Hancock Lumber

C. Final Protocol

After considering the discussion in the stakeholder meeting and reviewing the written comments, EMT is memorializing in this memorandum the protocol that should be used for handling Affected Customers going forward, as outlined below.

1. In order to be eligible for a RGGI-funded EMT incentive from the C&I Custom Program, an Affected Customer must commit its *full disbursement*, which amount is specified in the PUC's order identifying Affected Customers, to a qualifying energy efficiency project. If the project cost is less than the customer's disbursement value, EMT will not provide any additional incentive. Furthermore, EMT will not provide any incentive below \$10,000, as per the regular C&I Custom Program guidelines.

EMT will allow customers to demonstrate that they have committed a portion of their disbursement to other qualifying energy efficiency projects in a given fiscal year (without a RGGI-funded EMT incentive). If a customer then identifies a new project with a cost above the remaining disbursement "balance", EMT will review an application for incentive.

2. EMT will provide a RGGI-funded incentive to Affected Customers based on the "1:3 match" provision required by the statute as follows: For every \$3 invested by the Affected Customer (including the *disbursement + any additional customer contribution*), EMT will invest \$1.

3. This incentive amount is subject to both the C&I Custom Program requirements, including limitations enumerated in whatever open Program Opportunity Notice (PON) is being responded to, and also the 65% cap provision established by the statute.

For more information on the C&I Custom Program requirements, customers and contractors should be referred to <http://www.energymaine.com/custom-thermal-projects/>.

The 65% cap provision shall be interpreted as follows: The total value of the disbursement plus the RGGI-funded EMT incentive cannot exceed 65% of the total project cost.

Thus, the *maximum* EMT incentive (I_{\max}) is the total project cost (P) multiplied by 65%, less the total amount of the disbursement (D) $\rightarrow I_{\max} = (P \cdot 0.65) - D$.