



PROGRAM OPPORTUNITY NOTICE

EFFICIENCY MAINE TRUST

**INCENTIVE PROGRAM FOR
LARGE ELECTRICAL EFFICIENCY
AND DISTRIBUTED GENERATION PROJECTS**

PON EM-002-2015

Opening: July 1, 2014

Updated: July 18, 2014

Closing: June 30, 2015

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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 large electrical efficiency and distributed generation projects from customers within the State of Maine and served by an electric utility in Maine. The Trust will refer to this as the Large Customer kWh PON. Projects awarded through this PON will be funded with funds from the Regional Greenhouse Gas Initiative (RGGI), the Maine Power Reliability Program (MPRP), and the Settlement of Maine Yankee.

1.2 Program Description

The Trust is seeking proposals for large electrical efficiency and distributed generation projects with the 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 \$100,000 and \$1,000,000 per project.

1.3 Contact Person

The Trust would encourage 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, Program Manager, Strategic Initiatives

Efficiency Maine Trust

151 Capitol Street, Suite 1

Augusta, ME 04330-6262

ian.burnes@efficiencymaine.com

207-213-4149

1.4 Program Term

The Trust will be accepting applications to the Large Customer PON starting on July 1, 2014. The Trust will review these applications periodically and make awards to applicants who meet the criteria within this PON.

SECTION 2: PROJECT DESCRIPTION

The Trust has budgeted \$13.5 Million for projects submitted under this PON and PON EM-002-2015.

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 measured over the Trust's fiscal year (July 1, 2014 through June 30, 2015).

For retrofits of existing equipment applicants must provide a minimum 50% cost share for the project barring exceptional circumstances, which exception shall be determined in the sole discretion of the Review Team.

For new construction or projects that are replacing a failed piece of equipment applicants must provide a minimum of 10% 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 (or set of such measures) at a single facility or campus that increases the end-use electrical efficiency relative to an established existing baseline resulting in annual reductions in grid supplied energy.
- A measure that would otherwise be eligible for an Efficiency Maine Business Program Custom Incentive but for the size of the incentive requested.

An eligible Distributed Generation project is;

- A cost-effective on-site distributed generation project that reduces energy consumption on the grid and meets all of the following criteria;
 - Must have an operating efficiency of 60% or greater.
 - Must install a meter per the Trust's specifications dedicated to providing data to the Trust.

Distributed generation projects will be scored for offset of existing grid-supplied electricity only and not for additional capacity that can be exported to the grid or other customers.

A recipient must have an account with a Maine electric utility 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.

2.3 Ineligible Projects

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

- For applications received after September 1st 2014, measures that are eligible for prescriptive incentives through Efficiency Maine's Business Incentive Program¹;
- Projects that have a simple payback from the customer's perspective of less than a year after factoring in incentives.
- Projects that involve measures required by state or federal law or local building or energy codes, or are deemed by the Trust to be standard industry practice measures.
- 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 on the Total Resource Cost test as administered by the Trust.
- Projects that do not result in an overall kWh use reduction, 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.
- Measures broadly considered to be industry standard practice.
- 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 Business Program.

2.5 Funding Limitations

Funds from the Settlement of the Maine Power Reliability Project may only be used for sub-transmission and transmission customers located in Central Maine Power's (CMP) service territory.

¹ For a full listing please visit <http://www.energymaine.com/at-work/business-programs/>

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, summer peak demand 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, kWh reductions will be measured by the increases in efficiencies directly attributable to the new equipment.
3. For new facilities, 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.
4. For on-site generation projects, that generation must offset coincident on-site grid supplied energy consumption. On-site generation projects must install a meter per the Trust's specifications dedicated to providing data to the Trust..

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. efficiencymaine.com/opportunities/program-opportunity-notice/>. These spreadsheets are intended primarily to illustrate the level of analysis that is expected in the proposals. The spreadsheets can be utilized in the proposal if they 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 lighting 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 back pressure turbine, the Schedule of Values may include items such as site work, foundations completed, building construction, turbine order, delivery and installation dates, and generator 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)

Award funding will be disbursed at project milestones. The final 10 percent will not be awarded until completion and final post-installation inspection. 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.

Final payment will be made once the project is complete, invoicing has been submitted, and a satisfactory inspection of the project has been completed by the Trust.

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 three (3) copies of the application plus one (1) electronic copy on disk in Microsoft Word format or Excel where appropriate, all clearly marked as follows:

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Applications must be delivered to the Efficiency Maine Trust, 151 Capitol Street, Suite 1, Augusta, ME 04330.

SECTION 6: INCENTIVE AWARD

6.1 Contract

The 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 high-scoring proposals that meet the requirements of this PON. 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 35-A M.R.S.A. §10106.