



**PROGRAM OPPORTUNITY NOTICE  
EFFICIENCY MAINE TRUST**

**CUSTOM INCENTIVE PROGRAM FOR  
THERMAL EFFICIENCY PROJECTS**

**PON EM-002-2018**

**Opening: July 1, 2017**

**Closing: June 30, 2018**

**Revised: July 1, 2017**

**CONTENTS**

**SECTION 2: PROJECT DESCRIPTION** ..... 4

**SECTION 3: AWARD CRITERIA**..... 6

**SECTION 4: APPLICATION REQUIREMENTS** ..... 8

**SECTION 5: SUBMITTAL INSTRUCTIONS** ..... 10

**SECTION 6: INCENTIVE AWARD** ..... 11

## 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 projects that reduce thermal energy (MMBtu) use through the installation of more efficient equipment by natural gas customers within the State of Maine. The Trust will refer to this as the Custom Thermal PON. Projects awarded through this PON may be supported with funds from the Natural Gas Procurement Funds.

### 1.2 Program Description

The Trust is seeking proposals for thermal efficiency projects with the principal goal of reducing energy use from Maine businesses through the installation of more efficient equipment.

Incentive awards are anticipated to range from \$200,000 to \$500,000 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 sole 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](mailto:ian.burnes@efficiencymaine.com)  
207-213-4149

### 1.4 Program Term

The Trust will accept applications to the Custom Thermal PON starting on July 1, 2017 and ending on June 30, 2018. 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 anticipates a budget of approximately \$796,000 to be awarded to projects submitted under this PON.

### 2.1 Award Limitations

The minimum incentive award per project under this PON will be \$200,000. The maximum incentive award per project will not exceed \$500,000. 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 during the Trust's fiscal year (July 1, 2017 through June 30, 2018). Funds received through the Custom Electric PON-EM-001-2018, the Custom Distributed Generation PON-EM-003-2018, or through the Trust's Commercial and Industrial Prescriptive Program for other projects will not be considered toward this cap.

Entities may apply up to two 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 \$1,000,000, but that incentive will be paid out in two, \$500,000 installments over two successive fiscal years.

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

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 cost of efficient alternative equipment and the cost of the industry standard equipment as determined by the Trust.

The incentive award will also be capped based on the magnitude of the validated thermal energy reduction expressed in millions of Btu per year. Incentives will not exceed \$25.00 per MMBtu of validated annual reduction.

### 2.2 Eligible Projects

An eligible project is:

- A measure to reduce inefficient energy use (or increase efficient energy use) that decreases the thermal energy use, as calculated consistent with the provisions of Section 3.1, below, as determined by the Trust, resulting in annual reductions of at least 400 MMBtu per year.
- Projects must score 1 or greater on the Total Resource Cost test as administered by the Trust.

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:

- Prescriptive measures available through Efficiency Maine’s Commercial and Industrial Prescriptive Program<sup>1</sup>;
- Projects that have a simple payback from the customer’s perspective of less than a year after factoring in incentives, from the Trust or any other entity;
- Measures implemented at multi-family buildings;
- Measures required by state or federal law or local building or energy codes, or measures that are deemed by the Trust to represent standard industry practice;
- Projects for which the customer (or its affiliate) has 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;
- Seed money for projects to be completed and funded subsequently;
- Projects that do not score 1.0 or greater on the Total Resource Cost test as administered by the Trust; or
- Projects that do not result in an annual reduction of at least 400 MMBtu

#### **2.4 Other Efficiency Maine Programs**

A project that is awarded an incentive through this PON cannot receive any additional incentives from Efficiency Maine’s Commercial and Industrial incentive programs.

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<sup>1</sup> 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 thermal efficiency projects and overall project readiness described in this section.

### 3.1 Thermal Efficiency

Eligible projects must result in a minimum of 400 MMBtu of validated energy reductions per year.

The Trust will consider the following factors when determining the magnitude of the MMBtu savings.

1. The reductions must be measureable and the equipment must be located within the State of Maine.
2. For the replacement of existing equipment that does not meet the criteria set forth in number three of this section, MMBtu 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 MMBtus that would be consumed with industry standard equipment or processes and the MMBtus that will be consumed in the proposed project.
4. Efficiency projects that involve fuel switching will be treated as new construction and the MMBtu reduction will be measured as the difference between the energy that would be consumed through the use of industry standard equipment burning the new fuel and the energy that will be consumed in the proposed new energy-efficient equipment.

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 MMBtu reductions based on the independent engineering analysis before making an award.

The Trust will not provide incentives for projects that it determines will result in validated annual reductions of less than 400 MMBtu per year.

### 3.2 Management and Resource Adequacy and 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 proposed measures are in place should the project receive an award;
- **Costs and Financing**, including evidence of applicant's ability to fund the project costs, net of the Trust's incentive and 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 one 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 MMBtu reductions detailed in section 3.1.

The Trust reserves the right to disqualify a proposal that fails to demonstrate sufficient experience, planning, resources and risk management 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 project 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 Trust's technical review staff to validate the engineering analysis used to calculate the projected reduction in greenhouse gas emissions, 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.



Thermal Energy Factors used by the Trust to evaluate projects can be found on the Efficiency Maine website at: [www.energymaine.com/at-work/business-programs/competitive-program](http://www.energymaine.com/at-work/business-programs/competitive-program).

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 should 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 time frame 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 energy costs, and copies of the bills of the fuel being considered.
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 orders, delivery and installation dates, and a 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:

**PON-002-2018**  
**PROGRAM OPPORTUNITY NOTICE**  
  
**FOR**  
**CUSTOM THERMAL EFFICIENCY PROJECTS**

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 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 award date, it reserves the right to rescind the award and reallocate funds.

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 (M&V) Requirements**

All recipients must agree to independent, third-party verification of project completion and thermal reductions 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 an application 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 application 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 applications.

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 application through negotiation with the potential recipient. The Trust reserves the right to reject applications that do not fundamentally advance the goals of this PON 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 in the Policies section of the Library:

<http://www.efficiencymaine.com/docs/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 MMBtu savings. Applicants may seek to have certain energy consumption and business sensitive information treated as confidential pursuant to Title 35-A MRSA §10106.