

**City of Hayward
Large Energy Users
Energy Efficiency Incentives Program**

**POLICY AND PROCEDURES
2011-12**

Prepared for

**City of Hayward
Hayward, California**

Prepared by

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1. Program Summary

1.1 Program Overview

<p>Program: City of Hayward Large Energy Users Program Address: 777 B Street, Hayward CA 94704</p>	
<p>Contact Information: Marc McDonald marc.mcdonald@hayward-ca.gov</p>	<p>Market Segment (s) Served: Large Energy Users – Hayward, CA</p>
<p>Eligible Customers: Businesses located in Hayward, CA that use a minimum of 1,500,000 kWh of power annually and that meet the eligibility requirements of and successfully participate in the PG&E’s Customized Retrofit Incentive program (excluding municipal facilities and community colleges).</p>	<p>Eligible Geographic Area: Hayward, California</p>
<p>Resources: Program Website: http://www.ci.hayward.ca.us/CAP08/CAP08.shtm Program Materials: Application, Policies and Procedures</p>	<p>Eligible Measures: All energy efficiency improvement measures approved for PG&E’s Customized Retrofit Incentive program.</p>

2. Program Process

2.1 Introduction

The Large Commercial Energy Users Incentive Program (Program) supplements an existing PG&E program and increases penetration of energy efficiency in Hayward’s commercial sector. The Program is funded through the American Recovery and Reinvestment Act (ARRA). Total program budget is \$250,000. It provides financial incentives to eligible “energy intensive” Hayward businesses that make qualifying energy efficiency improvements to their facilities.

Example improvement measures include lighting retrofits, chiller replacements, variable-speed drive installation for an HVAC system, and reflective window film installation.

2.2 Program Participants:

The City of Hayward Large Energy Users (LEU) program involves three key parties -

- A. **Customer:** Program participation will be limited to Hayward's most "energy intensive" businesses, Large Energy Users (LEU). These are businesses in Hayward that use a minimum of 1,500,000 kWh of electricity annually and that meet the eligibility requirements of and successfully participate in the PG&E Customized Retrofit Incentive program. Municipal facilities and community colleges will not be eligible for this program.
- B. **City of Hayward:** The City of Hayward will provide grant administration services as the Hayward administrator of ARRA Energy Efficiency Community Block Grant funds provided through the US Department of Energy.
- C. **Quantum Energy Services and Technology (QuEST):** The Sustainability Coordinator that will provide program administration and implementation assistance to the City. Additionally, QuEST will provide applicant assistance to Category 3 Applicants as described below.
- D. **PG&E:** Utility Administrator which provides natural gas and/or electric services to the project site, and provides funding for the PG&E Customized Retrofit Program as authorized by the California Public Utilities Commission.
- E. **The US Department of Energy:** The grantor of Energy Efficiency Community Block Grants (EECBG) to the City of Hayward to fund this and other energy efficiency related programs in the City of Hayward.

2.3 The Process

The LEU program steps are as follows:

- 2.3.1 Step 1. Marketing** In order to maximize the cost-effectiveness of the program and potential energy savings for targeted businesses, this program will leverage the existing marketing infrastructure of PG&E and the technical infrastructure and processes of PG&E's Customized Retrofit Incentive program and offer incentives additional to those provided by PG&E.

QuEST Staff will meet with PG&E Account Managers to introduce the LEU Program and to encourage PG&E Account Managers to inform Large Energy Users in the City of Hayward to contact the City of Hayward to participate in the LEU Program.

Using City of Hayward general information staff will mail informational packages to businesses targeted businesses. The Hayward Chamber of Commerce and the Hayward Rotary will receive promotional information regarding the program. Potential applicants will also be identified through networking with Hayward industry professionals.

2.3.2 Step 2. Application, Review, Execution and Incentive Award Process

Businesses that consider themselves suitable for program participation will submit a letter of interest to the City of Hayward, briefly describing the proposed project, including cost and savings, if known by March 31, 2011.

Letters from Program Applicants will be divided into 3 categories:

1. Program applicants who have already identified energy efficiency projects/measures.
2. Program applicants who have not already identified energy efficiency projects/measures and who are able to secure PG&E or East Bay Energy Watch (EBEW) services to assist them in identifying energy efficiency projects/measures.
3. Program applicants who have not already identified energy efficiency projects and who neither PG&E nor EBEW can assist in developing projects. In such circumstances QuEST will provide energy efficiency audit services.

2.3.2.1 Category I Applicants are Program Applicants who have already identified energy efficiency projects/measures:

- A. The City of Hayward will provide the Applicant the following:
 1. When a Hayward business makes the decision to participate in the Program the City of Hayward will provide the Applicant:
 - a. The Authorization to Receive Customer Information for signature by an authorized representative; and,
 - b. A PG&E Application; and,
 - c. A City of Hayward Application.(All materials will be available for download on the City website).
- B. The Applicant will fill out the PG&E Application. (QuEST will provide assistance as needed).
- C. The Applicant will submit the PG&E Application to PG&E by April 30, 2011.
- D. The Project will be approved or denied by PG&E based on PG&E criteria by May 31, 2011.
 1. If approved, PG&E will send the Applicant a Project Application Review (PAR) e-mail or letter. An applicant's receipt of a PAR notice is not an obligation by either PG&E or the City of Hayward to award incentives upon project completion.
- E. Upon receipt of the PAR notice from PG&E and no later than May 31, 2011, the applicant must submit to the City of Hayward:
 1. The Hayward application; and,

2. The Site Access Agreement; and,
 3. The Initial Request for Utility Data; and,
 4. A copy of the PG&E PAR.
- F. The City will review and approve/reject the application based on the following competitive selection criteria.

Proposed projects will be ranked based on cost-effectiveness and incentives will be awarded to those with the largest energy savings per dollar spent.

1. If approved by the City of Hayward, beginning August 1, 2011, the City will issue successful Applicants a Project Approval Letter notifying the Applicant that Hayward Incentives have been reserved for the project.
 2. If rejected by the City of Hayward, beginning August 1, 2011, the City will notify the unsuccessful Applicants of rejection.
- G. Beginning September 2011, the Applicant will install the Project consistent with the proposed project approved by PG&E and in accord with City of Hayward rules and regulations.
- H. By August 2012, the project will be complete and PG&E will review and Approve or Reject the completed project.
- I. PG&E will then
1. Send a Post-Installation Verification Letter to Applicant stating the Applicant has successfully completed the Project, or
 2. Send a letter of rejection of the project to the Applicant.
- J. The successful PG&E Applicant will then submit its incentive payment request to the City along with a copy of the PG&E approved Post-Installation Verification Letter.
- K. Beginning September 2012, the City will issue incentive payments to successful applicants.
- L. The Program will shut down and complete final reporting to DOE between October and December 2012.
- 2.3.2.2 Category II Applicants are Program Applicants who do not have already-identified energy efficiency projects and who PG&E or East Bay Energy Watch (EBEW) can assist in developing projects (i.e., identifying energy efficiency measures).**
- A. Applicant sends a letter of interest to the City including as much description of the potential project as possible. Applicant engages with PG&E for audit services or calculation assistance, or gets assistance from EBEW to identify energy efficiency measures.
 - B. Follow steps 1B-1K (above)
- 2.3.2.3 Category III Applicants are Program Applicants who do have not already identified energy efficiency projects and who PG&E or East Bay Energy Watch (EBEW) cannot assist in developing projects (QuEST will provide audit services):**

- A. Potential applicant sends a letter of interest to the City including as much description of potential project as possible
- B. Applicant engages with QuEST for audit services or calculation assistance to identify energy efficiency measures
- C. Follow steps 1B-1K (above)

3. Program Begin and End Dates

Program dates are February 1, 2011 through November 30, 2012.

All installations and incentive payments to Customers shall be completed no later than September 30, 2012.

Program Timeline:

Activity	Date
Program launch	End of January 2011
Participant project development (Audits and Analysis of Energy Efficiency Measures)	February – March 2011
Proposed projects submitted to PG&E	March – April 2011
Proposed project approval from PG&E	April – May 2011
Applications due to the City	May 31, 2011
Application/Project review complete	July 31, 2011
Award notifications begin	August 1, 2011
Project installation	September 2011 – June 2012
Projects completed and approved by PG&E or its subcontractors	July-August 2012
Incentive checks issued	August - September 2012
Program shut-down and final reporting	October - November 2012

4. Customer Eligibility Requirements

Program participation will be limited to Hayward’s most “energy intensive” businesses. These are the businesses that use a minimum of 1,500,000 kWh of power annually and that meet the eligibility requirements of and successfully participate in the PG&E program identified above.

Municipal facilities and community colleges will not be eligible for this program, as incentive programs targeted for these users already exist.

5. Project Criteria

Criteria for all projects is as follows:

- **Equipment Must Meet or Exceed Applicable Standards.** Incentives are only paid for measures that exceed applicable federal, state or local building code standards. If there are no government energy efficiency

standards for a particular measure, current industry practices are used to establish the energy efficiency baseline. Only energy savings above the baseline are eligible for incentives.

- **Minimum Efficiency Standards.** Premium efficiency motors that meet the National Electric Manufacturer's Association standards must be specified for all equipment. Measures must exceed applicable government or industry minimum efficiency standards to qualify.
- **Cap on City of Hayward Incentives.** The LEU incentive cannot exceed \$50,000.

6. Incentive Payment Process

6.1 Incentive Payment Requirements

The City of Hayward LEU Incentive Program leverages existing PG&E program infrastructure and processes, making use of PG&E's verification and approval process to better ensure that measures are installed correctly and will actually save energy.

Payment of the incentives shall be made to the Participant or Participant's designated payee only after all Program requirements are met, upon verification of installation by a City Program Representative and PG&E.

6.1.1 Modification of Incentive

1. The City of Hayward reserves the right to modify or cancel the City of Hayward LEU incentive offer if the actual system(s) or measure(s) installed and inspected differs from the proposed installation as approved initially by PG&E, or if the Customer's cost is less than the estimated incentive amount identified on the executed Participation Agreement, or if the completed installation has been completed in violation of the codes and regulations of the City of Hayward. Customer must accept as final authority the City of Hayward's determination of the City of Hayward LEU incentive amount based on the inspected installation.
2. The City reserves the right to modify or discontinue this Program without prior notice if such modification or discontinuance is required by the US Department of Energy.
3. If the installed equipment or operating schedule is not equivalent to the recommended measures, the City of Hayward LEU incentive amount will be adjusted.
4. The City of Hayward LEU incentive cannot exceed or \$50,000. Further, the combined City of Hayward incentives and PG&E incentives cannot exceed project costs. If the combined incentive is more than the project cost, then the City of Hayward incentive will be reduced until the combined incentive equals the project cost. Installed project costs include fully documented labor and equipment costs required to complete project installation.

6.1.2 Rejection of Incentive Application

Incentive applications may be rejected if savings can not be verified, if the required supporting documentation is not provided, or if the customer violates the terms as laid out in the signed Participation Agreement.

6.1.3 Discontinuation of Program

The City of Hayward reserves the right to modify or discontinue the Program without prior notice if such modification or discontinuance is required by PG&E, or by order of the California Public Utilities Commission (CPUC), or by the United States of America, by order of the US Department of Energy.

The City reserves the right to modify or discontinue this Program without prior notice if such modification or discontinuance is required by the US Department of Energy.

6.1.4 Assignment of Incentive

Customer may assign the incentive to an implementation contractor or other party by filling out the “Payment Release Authorization” section of the Participation Agreement.

6.1.5 Incentive Rate

The incentive payment is based on related energy benefits of the measures installed. The incentive rate is a flat rate (per kWh and kW) and applied to one year of estimated energy savings (kWh and/or kW) calculated based on PG&E post-installation verification results.

Incentives for the City of Hayward LEU Incentive Program will be based upon the PG&E’s Customized Retrofit Incentive program, which provides incentives based on energy savings. The City of Hayward LEU Program will match (in effect, double) the following PG&E incentives:

- Lighting \$0.05 / kWh;
- Air Conditioning and Refrigeration \$0.15 / kWh;
- Other \$0.09 / kWh.

The incentives will be paid on the annual savings. For example, if a \$30,000 lighting retrofit project will annually save 200,000 kWh, the incentive will be \$10,000 from PG&E $(200,000 \times 0.05)^1$ and \$10,000 from Hayward’s Large Energy Users Program. Costs for this project after incentives will be \$10,000.

6.1.6 Incentive Restrictions

The incentives are capped and/or restricted as follows:

Incentives will be capped at \$50,000 per participant and cannot exceed the project cost.

6.1.7 Payment

Incentives will be paid directly to Customers or its assignee only after all Program requirements are met and after the City of Hayward has completed the post-installation verification to its satisfaction. Final customer incentive shall be based on savings as determined by PG&E after confirmation that measures are operating as intended.

7. IRS 1099 Reporting Procedures

1099 Requirements

- A. Program incentives are taxable to the entity Customer unless the Customer is exempt.
- B. Customers may be required to fill out Form W-9 (Request for Taxpayer Identification Number and Certification). All non-exempt participants with total payments of \$600 or more will receive a Form 1099 by January 31 of the following year. The City of Hayward or its Agents will also submit a Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) to the IRS, summarizing the total dollar value of all 1099 forms issued, along with copies of all 1099 forms completed.

8. Dispute Resolution Procedures

The City of Hayward will resolve all reasonably based complaints within 30 business days after notification by the Customer. A Customer complaint is considered resolved when the City of Hayward has decided on a reasonable course of action and that action has been communicated and agreed to by the Customer. If the City of Hayward is unable to resolve the complaint within 30 business days, the City of Hayward will advise the Customer in writing. In the event that a complaint results in a dispute and is not resolved to the satisfaction of both parties within 60 business days, the dispute will be resolved through a third party dispute resolution procedure.

9. Limited Funding

Program funds are limited and are available on a first-come, first-served basis and competitive basis. Incentive funds are reserved for a particular project when the project's Project Approval Letter is approved and executed by the City of Hayward.

10. Disclosure and Auspices

Consumers are not obligated to purchase any full fee service or other service not funded by this Program. This Program is funded by the US Department of Energy as an Energy Efficiency Block Grant Program (EECBG).

11. Limitation of Liability

THE CITY OF HAYWARD IS RECEIVING FUNDS FROM THE US DEPARTMENT OF ENERGY FOR THIS PROJECT, BUT THE US DEPARTMENT OF ENERGY IS NOT LIABLE TO EITHER THE CITY OF HAYWARD OR CUSTOMER FOR ANY LOSSES OR DAMAGES, INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING FROM THIS PROGRAM. FURTHERMORE, NEITHER THE US DEPARTMENT OF ENERGY, NOR THE CITY OF HAYWARD NOR ITS AGENTS, MAKES NO REPRESENTATION OR WARRANTY, AND ASSUMES NO LIABILITY WITH RESPECT TO QUALITY, SAFETY, PERFORMANCE, OR OTHER ASPECT OF ANY DESIGN, SYSTEM OR APPLIANCE INSTALLED UNDER THIS PROGRAM, AND EXPRESSLY DISCLAIMS ANY SUCH REPRESENTATION, WARRANTY OR LIABILITY.

12. Additional Information

This document includes the following attachments:

Attachment A: Program Participation Agreement