City of Hayward
Nonprofit and Governmental Agencies
Energy Efficiency Incentives Program
(NGA Program)

POLICY AND PROCEDURES
2011-12

Prepared for

City of Hayward
Hayward, California

Prepared by

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1. Program Summary

Program Overview

Program: City of Hayward Nonprofit and Governmental Agencies Energy Efficiency Incentives Program **Address: 777 B Street, Hayward CA 94704**	
Contact Information: Amelia Schmale energyefficiency@hawyard-ca.gov	**Market Segment (s) Served:** Nonprofit and Governmental Agencies – Hayward, CA
Eligible Customers: Nonprofit and governmental agencies located in Hayward, CA that participate in the PG&E energy efficiency programs (excluding new-construction).	**Eligible Geographic Area:** Hayward, California
Resources: TBD	**Eligible Measures:** Energy efficiency improvement measures that qualify for and receive incentives from PG&E energy efficiency programs (excluding new-construction).

2. Program Process

2.1 Introduction

The City of Hayward has been provided $250,000 in funding from the US Department of Energy to provide Hayward Nonprofit and Governmental Agencies (NGA) financial incentives of up to $50,000 per site to make qualifying energy efficiency improvements to their facilities.

All energy efficiency improvement measures approved through PG&E energy efficiency programs will be eligible for additional incentives of up to $50,000 from the City of Hayward NGA Incentive Program (excluding new-construction). If the measures proposed are approved by PG&E and the Sustainability Coordinator, the incentives together may equal (but never exceed) the entire project cost.

In order to maximize cost effectiveness and potential energy savings, this program will leverage the existing infrastructure and processes PG&E's rebate and incentive programs and offer additional incentives.

Example energy efficiency improvement measures include lighting retrofits and HVAC upgrades.

The Sustainability Coordinator will administer the program for the City of Hayward.

This program is scheduled to run through July 30, 2012.

This Policy and Procedures document includes the following attachments:

Attachment A: Sample Program Participation Agreement- East Bay Energy Watch's BEST Program

Attachment B: Hayward NGA Program Participation Agreement

2.2. Program Participants:

The City of Hayward NGA Energy Incentive program (Program) involves the following parties -

A. **Customer:** Program eligibility is limited to Hayward based NGAs, including nonprofits and governmental organizations. (The City of Hayward would not be eligible, due to potential perceived conflicts of interest in reviewing applications and granting of awards. Also, other energy efficiency programs are available for City of Hayward facilities.)

B. **City of Hayward:** The City of Hayward will provide grant administration services as the Hayward administrator of American Recovery and Revitalization Act (ARRA) Energy Efficiency Community Block Grant funds provided through the US Department of Energy.

C. **PG&E Energy Solutions and Service Staff:** PG&E ES&S staff represent account managers that serve customers in PG&E territory. These staff will work closely with their nonprofit and governmental agency customers in Hayward to identify the most appropriate energy efficiency program for them and then assist them in the City of Hayward NGA Energy Efficiency Incentive Program application process.

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. **Quantum Energy Services and Technology (QuEST**): The Sustainability Coordinator that will provide program administration and implementation assistance to the City. QuEST is also the manager of EBEW.

F. **The US Department of Energy (DOE):** 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 City of Hayward NGA Energy Efficiency Incentives Program steps are as follows:

2.3.1 Step 1. Marketing

The Sustainability Coordinator will administer the program, including development of City staff program briefings, a program web presence and phone calls, direct emails, and direct mail to potential applicants. The pool of potential applicants will be derived from those eligible for Federal Block Grants. In order to maximize the cost-effectiveness of the program and potential energy savings for targeted businesses, this program will leverage the existing marketing access of PG&E energy efficiency programs.

The following activities are intended for a comprehensive marketing and outreach strategy:

- Develop participant pool based on those that are eligible for Federal Community Development Block Grants.
- In order to ensure that City staff that interact with Federal block grant recipients are given the tools to help promote the program, one or more staff briefings will be conducted, which will entail review of the NGA program details and distribution of program brochures.
- A program description will also be included and easily accessible on the City of Hayward website, to include succinct and clear eligibility requirements, sample energy efficiency improvement measures and projects, a general program timeline, downloadable program applications, and contact information.
- A direct mail campaign will also be implemented. A mailer, designed by the sustainability coordinator and QuEST, will be sent to entities eligible to participate in the program. The first will contain eligibility requirements, sample energy efficiency measures, the City logo, and logo/contact information for the East Bay Energy Watch's BEST program. QuEST will also implement a Direct Marketing Campaign to contractors who will be encouraged in turn to initiate contact with Hayward NGAs as an element of their sales and marketing programs.
- If the response is limited after two weeks then the sustainability coordinator will call potential applicants to pitch the program.

Applications for participation in the City of Hayward NGA Energy Efficiency Incentives Program will be accepted through the earlier of July 30, 2011 or the date that all NGA Energy Efficiency funds have been reserved.

If more than $50,000 in unreserved funds remains on August 1, 2011, a Second Solicitation will be launched. The Second Solicitation will continue to emphasize market awareness through general channels, as well as Direct Marketing to Hayward NGAs. This program will continue through the earlier of September 30, 2011, or the date that all NGA Energy Efficiency funds have been reserved.

If more than $50,000 in unreserved funds remains on October 1, 2011, a Third Solicitation will be launched.

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

Interested NGAs will be directed to contact their PG&E account manager by contacting PG&E through a phone number and email address set up specially to serve this Hayward program: 1-888-584-0441 and energyinformation@pge.com.

2.3.2.1 Program Overview and Facility Survey

A PG&E account manager will provide an overview of the program and conduct an assessment of the facility to identify energy saving opportunities.

2.3.2.2 Project Proposal / Participation Agreement / Incentive Reservation

The NGA will be provided with a detailed, no-obligation project proposal that includes expected savings, project costs, and the amount of incentive to subsidize costs. If the NGA decides to proceed, the NGA will sign a document that expresses agreement to participate in the PG&E program. The City of Hayward NGA Program Participation Agreement will include a section to indicate whether the NGA program incentive should be paid to the NGA or directly to the contractor performing the project installation.

The NGA will complete and submit to the City of Hayward:

1. A signed City of Hayward NGA Program Participation Agreement; and,
2. A signed copy of the PG&E program participation document describing the project, and anticipated energy savings and incentives.

Documents may be submitted:

- via fax to 510.540.7268 Attn: Marc McDonald, City of Hayward NGA Program OR
- electronically to energyefficiency@hayward-ca.gov; subject line should read: City of Hayward NGA Program.

Upon receipt of these documents, up to $50,000 in City of Hayward NGA Energy Efficiency Incentives will be reserved for the NGA Program Participant on a first-

come, first-served basis. Participants will receive a project approval letter from the Sustainability Coordinator. If the measures proposed are approved by both a PG&E program representative and the Sustainability Coordinator, the incentives together may equal (but never exceed) the entire project cost. Measures must be installed within six (6) months of the date printed on the project approval letter.

2.3.2.3 Pre-Installation Inspection

A PG&E program representative may conduct a pre-installation inspection to ensure that all proposed measures are feasible and appropriate for the facility.

2.3.2.4 Measure Installation

Depending on the program, the NGA may install the measures themselves or the PG&E program may include a Program Approved Contractor who will complete the installation. In most cases, the measures can be installed with little to no business interruption.

2.3.2.5 Project Completion Documentation

The NGA and PG&E should notify and provide documentation to the City that the project is complete that includes the actual energy savings and PG&E incentive for the project.

2.3.2.6 Post-Installation Inspection

PG&E may conduct a post-installation inspection to verify that all measures were correctly installed.

2.3.2.7 Final Project Notification

Either the NGA or the contractor will receive the PG&E incentive.

If all City of Hayward requirements are met, including the requirement that the work be performed in conformity to City of Hayward building codes and regulations, the NGA or the Contractor may invoice the City for the approved NGA program incentive. If the measures proposed are approved by both a PG&E program representative and the Sustainability Coordinator, the incentives together may equal (but never exceed) the entire project cost.

2.3.2.8 Final Contractor Invoice

The NGA will receive an invoice from the Contractor for its portion of the project cost, if any.

2.3.2.9 Energy Efficiency Education

NGA Program Participants will be provided with information regarding energy efficiency tips and programs to be distributed to their constituents in person and via any newsletters and listservs. Participants will receive printed and electronic copies of educational materials as well as links to the Green Hayward website.

2.3.2.10 Project Completion / Program Closure

All projects are to be completed and approved by PG&E and/or its contractors, or representatives by May 1, 2012.

The City of Hayward Nonprofit and Governmental Agency Energy Efficiency and Incentive Program will shut down and complete final reporting to DOE between June 30 and July 30, 2012.

3. Program Begin & End Dates

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

4. Program Eligibility Requirements

Program eligibility is limited to Nonprofit and Governmental Agencies in the City of Hayward. The City of Hayward is not eligible as other energy efficiency programs are available for City of Hayward facilities.

Nonprofit and governmental organizations that lease their space are eligible providing they have their landlords' approval and successfully participate in the PG&E energy efficiency programs. Program incentives will be reserved for participants on a first-come, first-served basis until funds are depleted.

5. All Projects Must Meet the Following Criteria

- **Project must be eligible for PG&E energy efficiency rebate or incentive programs.**
- **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.** Energy efficiency improvement measures approved through PG&E energy efficiency programs (excluding new-construction) will be eligible for additional incentives of up to $50,000 from the City of Hayward NGA Incentive Program. If the measures

proposed are approved by both a PG&E program representative and the Sustainability Coordinator, the incentives together may equal (but never exceed) the entire project cost.

6. Incentive Payment Process

6.1 Incentive Payment Requirements

The City of Hayward NGA Incentive Program leverages existing program infrastructure and processes, making use of existing program scoping, verification and approval processes 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 approval by a City Program Representative.

6.1.1 Modification of Incentive

1. The City of Hayward reserves the right to modify or cancel the City of Hayward NGA incentive offer if the actual system(s) or measure(s) installed and inspected differs from the proposed installation as identified, 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 NGA 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 NGA incentive amount will be adjusted.
4. The City of Hayward NGA incentive cannot exceed $50,000 or 100% of the installed project cost. Installed project costs include fully documented labor and equipment costs required to complete project installation. The total of the City of Hayward NGA incentive plus the PG&E program incentive together may equal (but never exceed) the installed project cost.

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 must 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

Different PG&E energy efficiency programs offer different incentive rates and structures. The incentive may be a flat rate for PG&E 'deemed' measures or payment may be 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 kWh) calculated based on post-installation verification results by PG&E or its representatives or agents.

All energy efficiency improvement measures approved for PG&E energy efficiency programs (excluding new-construction) will be eligible for additional incentives of up to $50,000 from the NGA Program. If the measures proposed are approved by both a BEST program representative and the Sustainability Coordinator, the incentives together may equal (but never exceed) the entire project cost.

6.1.6 Incentive Restrictions

The incentives are capped and/or restricted as follows: The City of Hayward NGA incentive cannot exceed $50,000 or 100% of the installed project cost. The total of the City of Hayward NGA incentive plus the PG&E incentive together may equal (but never exceed) the installed project cost.

6.1.7 Payment

Incentives will be paid directly to Customers or 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 incentives shall be based on savings as determined by PG&E or its representative after confirmation that measures are operating as intended.

7. IRS 1099 Reporting Procedures

Minimum Requirement:

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 to $250,000 and are available on a first-come, first-served basis. Incentive funds are reserved for a particular project when the City of Hayward acknowledges receipt of the following documents:

1. A signed City of Hayward NGA Program Participation Agreement; and,
2. A signed copy of the PG&E Participation Agreement; describing the project and anticipated energy savings and incentives.

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: Sample Program Participation Agreement- the East Bay Energy Watch BEST Program

Attachment B: Hayward NGA Program Participation Agreement