

TITLE: WALLINGFORD ELECTRIC DIVISION COMMERCIAL AND INDUSTRIAL CUSTOMER ENERGY CONSERVATION INCENTIVE POLICY

Effective Date: July 1 , 2016

Adopted by Board: 2/20/07

Revised by Board: 9/2/08

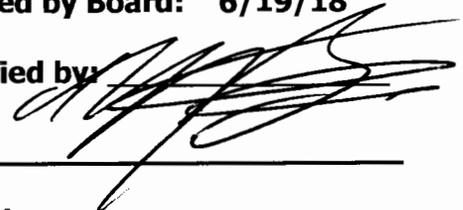
Revised by Board: 11/20/08

Revised by Board: 2/16/10

Revised by Board: 3/15/11

Revised by Board: 6/19/18

Certified by:



POLICY OVERVIEW

The purpose of the Wallingford Electric Division's ("WED's") commercial and industrial energy conservation incentive policy is to encourage investment by the WED's commercial and industrial customers in energy saving equipment and facilities.

INCENTIVE ELIGIBILITY

1. Any qualified project completed on or after **July 1, 2016** is eligible to receive an applicable incentive payment as described elsewhere in this Policy.
2. For the purpose of evaluating projects and approving them for receipt of incentive payment, the WED, the customer, and the customer's vendor (if applicable) shall adhere to the processes and requirements set forth in Appendix A.
3. For any project approved via this Policy and the attached Appendix A, the WED shall make an incentive payment to either the customer or, if so directed, to the customer's vendor, in an amount calculated as follows:

- **40%** of the applicable pre-tax project cost, so long as the customer's simple payback period is not greater than five (5) years. This simple payback period shall be defined as $[(\text{pre-tax project cost} - \text{WED incentive payment}) / \text{customer's anticipated annual electricity cost savings}]$. If the projected payback period exceeds five years, the project may still receive an incentive payment. In these instances, the incentive payment shall equal **40%** of a reduced pre-tax project cost set at a level to achieve exactly a five-year payback.
- For any project submitted by a WED C&I customer, the anticipated annual electricity cost savings is calculated by using the current retail rate under which the customer is being billed.
- For any project submitted by WED, the anticipated annual electricity cost savings is calculated by using the then current wholesale rate paid by WED for electricity.

INCENTIVE PAYMENTS

1. Customers who accept an incentive payment for their project(s) as described in this policy shall agree any capacity-related credits or payments that the project(s) may be eligible to receive shall be fully assigned to the WED or its designee.
2. The WED's energy conservation incentive payments shall be on a first come, first serve basis, subject to the availability of funds in each fiscal year.
3. Any incentive paid will be based on the specific customer account where the project was completed. The aggregation of multiple projects at multiple accounts into a comprehensive project associated with one account will not be considered for incentive purposes.
4. To help ensure adequate funds are available to provide incentive payments to the greatest number of qualified projects, the following stipulation shall apply: Any commercial or industrial customer that receives an incentive payment for an approved project, and for whom the sum of all incentive payments received (including the above-referenced payment) exceeds that customer's contributions to date to the WED Energy Conservation Fund ("ECF") fund, shall not be eligible to receive any additional incentive payments for a period of one (1) year after

the date of the above referenced incentive payment unless, prior to the end of the one-year period, that customer's total to date contributions to the WED ECF equal or exceed the amount of the total incentives paid to that customer. [The Town of Wallingford and its various Boards, Departments, Divisions and/or Municipal facilities receiving electric service from the WED through either Rate 8 (Small Municipal Service) or Rate 9 (Large Municipal Service) are exempt from the provisions of this Paragraph No. 4. The above-listed entities are subject to all other provisions of WED Policy E-2].

DISCLAIMER

The WED does not guarantee the energy, cost savings and reduction in monthly demand anticipated in any proposed project. The WED is not responsible for the oversight and/or monitoring of removed products and/or equipment containing hazardous waste as a result of the implementation of an approved project.

APPENDIX A

Below are listed each of the WED's individual commercial and industrial energy conservation incentive programs, including the requirements for proposing a project, evaluating a project, and having a project qualify for an incentive payment.

Lighting Fixture and Control Replacements/Retrofits

The customer selects a lighting vendor(s) to perform a lighting audit of the customer's facilities. The vendor(s) prepares an analysis of its findings, including a cost proposal to perform any proposed work, and a financial analysis that includes a calculation of annual energy saved, the estimated monthly reduction in peak demand and a simple payback calculation based upon the WED's total kWh and kW charges in place at that time. If this payback period meets the criteria set forth in this Policy, then the proposed project is approved subject to the review and approval by the WED Energy Efficiency and Conservation Specialist ("EECS") that the proposed work is consistent with this WED policy criteria for energy conservation. The project cost is defined as the total cost by the vendor to perform that proposed work, excluding any taxes. Upon physical completion and upon receipt of detailed documentation confirming the total cost of the project, WED staff shall inspect the new lighting facilities. If WED determines the facilities are as described in the vendor's proposal, then the incentive payment is made, per the customer's direction. Discrepancies in regards to the original proposal will be addressed based on the sole discretion of WED staff including changes in projected energy, cost savings, reduction in monthly demand and amount of eligible incentive. All electrical work must be completed by or performed under the direction of a Connecticut E-1 electrician. Documentation of responsible recycling of fluorescent lamps using a licensed and /or State of Connecticut approved hazardous waste recycling company may be required prior to the payment of any incentive.

All lighting products must be approved by at least one of the following professional, trade or equivalent organizations:

- Design Lighting Consortium
- Underwriters Laboratory
- RoHS Compliant
- Energy Star

Heating, Ventilation and Air Conditioning ("HVAC") Installations

Customers installing commercial - or industrial-rated HVAC equipment with a capacity greater than 30 tons can receive an incentive payment for installing higher efficiency equipment. Customers must provide the WED a firm cost proposal for the purchase and installation of both higher and standard efficiency equipment, as well as an analysis of the annual kWh's saved and monthly peak kW's reduced by the use of the higher efficiency equipment. This analysis must also include an estimate of the monthly savings on the customer's energy and demand billings, due to the use of the higher efficiency equipment, based on the WED's total applicable energy and demand charges in place at that time. The "project cost" in this case shall be the cost difference for the purchase and installation of the higher efficiency equipment vs. the standard efficiency equipment. If the calculated simple payback period meets the criteria described in this Policy, then the project is approved subject to the review and approval by the WED EECS that the proposed work is consistent with this WED policy criteria for energy conservation. Upon installation of the higher efficiency equipment, and upon receipt of detailed documentation confirming the total cost of the project, the WED shall inspect the completed equipment installation, and if it is as described in the proposal, then the incentive payment is made, per the customer's direction.

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If customers are installing HVAC equipment rated at 30 tons or less, the WED shall utilize the Commercial and Industrial Heating and Cooling Rebate prescriptive program. Any such applicable projects shall be handled on a case-by-case basis, per the Commercial and Industrial Heating and Cooling Rebate application form. Additionally, the WED shall offer incentive payments for the installation of variable frequency drives and necessary related equipment as part of a commercial or industrial air conditioning equipment project. These incentive payments will be calculated similarly to the earlier-described incentives for large air conditioner installations.

Process Equipment Replacements/Retrofits

This program shall be administered similarly to the above-described program for air conditioning equipment rated above 30 tons. Customers must submit a proposal which includes firm prices for both standard and high efficiency equipment; the "project cost" will be defined as the pre-tax difference in cost between these two proposals. This analysis must also include estimates of annual kWh's saved and peak kW's reduced, and the anticipated monthly electric bill reduction, based on then-current applicable WED rate. If the simple payback period meets the criteria set forth in this Policy, then the project is approved subject to the review and approval by the WED EECS that the proposed work is consistent with this WED policy criteria for energy conservation. The payment will be made per the customer's direction, subject to WED's inspection and determination that the installed equipment is as described in the customer's proposal.

For all of the above described programs, WED reserves the right at any time for its staff to perform pre and post project installation inspections of those customer's facilities who are applying for an incentive payment. Incentive payments will be made directly to either the customer or the customer's vendor per the customer's preference.