

**C & I CUSTOMER CREDIT PROGRAM**  
(Revised 6/7/2012)

VERMONT PUBLIC  
UTILITY BOARD

2012 JUN --8 AM 9:26

**General:** The C&I Customer Credit Program (Program) recognizes that certain commercial and industrial customers already may be committed to, and possess considerable expertise regarding, energy efficiency. The C&I Customer Credit Program provides these customers with a choice as to whether they wish to remain eligible to participate in the Statewide Core Programs or whether they prefer to forego that eligibility and pursue electric energy efficiency measures on their own.

**Eligibility:** Commercial and industrial customers that meet the following criteria are eligible for this program:

1. the customer has never accepted financial incentives from a Vermont utility sponsored DSM program; and
2. the customer has demonstrated a commitment to pursuing cost effective energy efficiency on its own by:
  - (a) certification under ISO (International Standards Organization) standard 14001; and
  - (b) describing the program, either already established and/or negotiated with the Department of Public Service, that shows a commitment to implementing cost-effective energy efficiency measures in the customer's facility or facilities.

If the ISO standard and/or the program described in (b) above changes, revised eligibility standards may be negotiated. A customer that elects to participate in this program will not be eligible to participate in the Statewide Core Programs sponsored by the Energy Efficiency Utility ("EEU").

**Program Design:**

Eligible customers that elect to participate in the Program will receive a refund for all Qualified Expenses; provided that total Qualified Expenses in any period may not exceed 100 percent of "Available Funds," as defined below.

For purposes of the Program, Qualified Expenses are defined as follows:

For "market-driven" projects:

One hundred percent (100%) of the incremental costs associated with identifying, investigating, analyzing, designing, implementing and/or installing societally cost effective electric efficiency projects at facilities

owned, operated or controlled by the customer. These costs may include the customer's internal design and engineering labor, outside design, engineering and installation labor and equipment costs; provided however, that Qualified Expenses for costs other than incremental installation labor and equipment costs shall only be eligible for refund up to either 25% of the total incremental installation labor and equipment costs, or actual non-installation-labor and non-equipment incremental costs, whichever is less.

Incremental costs are defined as the difference between the actual cost of the equipment, installation labor, engineering, design, and commissioning and the cost of the equipment, installation labor, engineering, design, and commissioning that would meet the current design and construction standard practice (the "baseline cost").

For "retrofit" projects:

A portion of the total costs associated with identifying, investigating, analyzing, designing, implementing and/or installing societally cost effective electric efficiency retrofit projects at facilities owned, operated or controlled by the customer. These costs may include the customer's internal design and engineering labor, outside design, engineering and installation labor, and equipment costs; provided however, that Qualified Expenses for costs other than installation labor and equipment costs shall only be eligible for refund up to either 15% of the total installation labor and equipment costs, or actual non-installation-labor and non-equipment costs, whichever is less.

The portion of the above mentioned costs included as "Qualifying Expenses" shall be the amount necessary to allow the customer to realize an estimated 12 month simple payback on the customer's portion of the project investment. Payback shall be calculated based on anticipated energy and non-energy benefits, including, but not limited to, reductions in operating and maintenance costs, fossil fuel savings, electricity savings, environmental compliance cost savings, labor savings, and saving from avoidance of future equipment replacements.

Provided, however, that in the event the total "Qualifying Expenses" for either a market-driven or retrofit project exceed the net present value of the project's estimated electric avoided cost benefits (based on the statewide avoided costs of electricity), the maximum rebate amount will be capped at the total net present value of the project's electric avoided cost benefits.

The determination of whether the project represents a "market driven" or "retrofit" project, the electric avoided cost benefits, the design and construction

standard practice, and the amount needed to result in a 12 month payback on retrofit projects, shall be made by the EEU, in consultation with the customer. In the event the customer disputes any EEU determination, the customer may make a complaint to the Department of Public Service (Department), who shall seek to resolve the complaint. If no such resolution occurs within thirty (30) days, the Department shall refer the complaint to the Board for review of the EEU's decision.

For the identification and planning for energy efficiency improvements, "Qualified Expenses" are defined as follows:

One hundred percent (100%) of the reasonable costs of a third-party audit. The amount and timing of these expenditures would be based on a proposal provided by the participant and pre-approved by Efficiency Vermont (approval criteria may be different on a case by case basis, depending on the potential project). At a minimum, the Energy Efficiency Planning Proposal would include a description of the process for selection of the third-party auditor, a listing of the third-party auditor's qualifications, a description of the scope of work to be completed, a 3-5 year planning schedule, and an estimate of the fees for the schedule period.

**Available  
Funds:**

"Available Funds" are defined as follows:

Ninety percent of the funds the customer has paid, or is projected to pay, to its distribution utility for EEU funding, for either the immediately prior two calendar years and the current calendar year, or the current calendar year and the immediately following calendar year, less any disbursements already obtained by the customer drawn on the same years' funds.

For purposes of the Program it is assumed that a customer's future year kWh consumption will be equal to the latest full calendar year kWh consumption, unless the customer and the EEU mutually agree on a different projection.

Any "Available Funds" not applied for by a customer prior to the end of the calendar year following the two years funds are paid to the distribution utility will not be available to the customer under this Program.

"Available Funds" disbursed to the customer will be limited to the customer's eligible deposited EEC payments. Program participants are eligible to qualify a project's costs that exceed deposits, however will only be reimbursed after EEC payments have been made.

**Net Pay  
Program**

**Option:**

The C&I Customer Credit Net Pay Program Option recognizes that certain commercial and industrial customers have demonstrated a commitment to energy efficiency as well as compiled a successful record of energy efficiency implementation while enrolled in the Customer Credit Program. The Customer Credit Net Pay Option allows participants to invoice for and hold their "Available Funds". "Available Funds" are subject to all conditions detailed in the Customer Credit Program except that they will be held by the customer and not in the EEU fund. In the event that the "Available Funds" are not utilized in the time frame prescribed in the Customer Credit Program, the customer will reimburse the EEU fund for the unutilized balance. For a customer to participate in the C&I Customer Credit Net Pay Program Option, the customer must meet these additional criteria:

1. The customer must have participated in the C&I Customer Credit Program for the previous year.
2. The customer must have demonstrated in the Customer Credit Program a minimum of one year of successfully completing energy conservation projects and energy efficiency improvements.

In the Net Pay Option, the participant will continue to pay the full Energy Efficiency Charge (EEC). Following the customer's monthly payment, the customer will submit an invoice to the Department of Public Service for 90% of its monthly payment, net of taxes. The Department will review the invoice and instruct the Fiscal Agent to make a disbursement to the customer. The Customer Net Pay Option Invoice must be signed by a company representative and include a copy of the monthly electric utility invoice(s) showing the EEC charge and a spreadsheet showing the 90% calculation of total monthly payment net of taxes.<sup>1</sup>

**Program  
Implementation:**

No later than February 28<sup>th</sup> (29<sup>th</sup> if a leap year) of the year in which a customer desires to participate, any customer may notify the EEU, the Department, and the Public Service Board in writing that it intends to participate in the Program in that and the ensuing calendar years. If the customer is applying for the Net Pay Option, notification must be no later than December 1 of the year prior to participation. In its written notice, the customer must demonstrate compliance with the eligibility criteria. Failure to make such notification will preclude the customer from receiving Program funds in that initial calendar year. The EEU may waive these notification requirements under special circumstances. Within

---

<sup>1</sup> As of the date of this program design, the EEC includes an additional one percent for the fuel gross receipts tax and the gross revenue tax. Thus, the maximum that a customer may request at this time is 90% of 99% of its total monthly contribution or 89.1% of that contribution. The amount of taxes to be included is subject to change without revision of this document.

30 days of customer notification to participate, the EEU will provide a letter to the customer, the Department, and the Public Service Board stating its approval or disapproval of the request. The customer shall remain enrolled in the program until such participation is terminated,

At any time following proper notification to the EEU of its intent to participate in the Program, a customer may submit a description of a cost effective energy efficiency project to the EEU along with a statement of whether the project is market-driven or retrofit; a list of Qualified Expenses associated with the project along with supporting documentation; an estimate of energy and non-energy savings associated with the project and the project's expected lifetime; and a description of the "baseline" if a market-driven project.

The EEU will review the customer's submission, screen it for societal cost-effectiveness using the statewide screening tool and avoided costs, and notify the customer in writing within 30 days if: the project meets the cost-effectiveness screening criteria; the EEU needs additional data to screen or review the project; the EEU agrees with all the customer's assumptions and estimates; the EEU disagrees with any or all customer assumptions or estimates; and/or the EEU needs additional time to review the submission. The customer will provide to the EEU all necessary data to review its assumptions and estimates including, but not limited to, workpapers, drawings, contractor estimates, operating data and equipment specifications. The EEU will then make a final determination of the eligibility of the project, and the amount of Qualifying Expenses.

If a customer chooses, it may proceed with a project prior to approval by the EEU, at its own risk.

The EEU shall provide Customer Credit Program participants a copy of an updated screening and analysis tool annually, no later than Feb 28<sup>th</sup> for use in analyzing measures in that calendar year. The EEU shall provide one training annually, at the offices of the EEU, to designated staff from participants in the Customer Credit Program.

For Customer Credit Program participants not enrolled in the Net Pay Option: Once the EEU approves a project, and the installation is complete and verified by the EEU, based upon a verification method mutually agreed to between the EEU and the customer, the EEU will issue a rebate payment to the customer. The rebate is not to exceed a participant's eligible, deposited funds. If necessary, the EEU will continue to make monthly rebate payments as the participant's Available Funds are accrued.

For customers in participating in the Customer Credit Net Pay Program Option: Annually on or before October 31st, customers shall provide the EEU with a

report of any energy efficiency activity for which they are claiming “Qualifying Expenses”. Submission requirements include, but are not limited to: measure screening on the current analysis tool; clear documentation of measure costs; baseline equipment and energy efficiency equipment efficiency levels; and a summary showing the “Available Funds”, measures completed to utilize those funds including measure costs and savings and the “Available Fund” balance with an indication of which years have available funds carrying forward, if any, and documentation of the balance to be paid to the EEU fund, if any. The EEU will have until December 15 to obtain clarifying information. The EEU will conduct a review and submit a letter to the Customer verifying qualifying measures and all “Qualifying Expenses” by January 5 of each year. Funds from prior years associated with measures in dispute at the time of EEU year end close out (January 10) shall remain eligible for use by the Customer Credit Program Net Pay participant for an additional year.

**Customer  
Confidentiality:**

The EEU will be obligated to maintain customer confidentiality under the same terms as are established for customer information provided by distribution utilities to the EEU. At the request of a customer, the EEU may execute a separate confidentiality agreement, upon terms mutually acceptable to the customer and the EEU, covering any aspect of a proposal submitted to the EEU for which the customer seeks special confidentiality treatment.

**Dispute  
Resolution:**

In the event that any disagreements arise between the EEU and the customer, both parties will work in good faith to resolve the disagreements. In the event the customer disputes any EEU determination, the customer may make a complaint to the Department, who shall seek to resolve the complaint through negotiation. If no such resolution occurs within thirty (30) days, the Department shall refer the complaint to the Public Service Board for review of the EEU’s decision.