

ON-SITE ENERGY MANAGER INITIATIVE CUSTOMER INCENTIVES

OVERVIEW

The Energy Management Component will provide cash incentives for customers completing scoping audits, engineering studies and Retro- and Re-commissioning (RCx) investigations. Additionally, it will provide funding to offset a portion of the salary of a program approved Energy Manager for eligible customers participating in the Onsite Energy Manager Initiative. These four incentives will be determined independently of the Custom Component Incentives and are determined based on participation in activities that lead to GHG reduction, but not the actual achieved GHG reduction. The example introduced below illustrates how Custom and Energy Management incentives are applied to a given project: *If a project receives a RCx study, the GHG reduction measures identified by the study and program approved for implementation will be processed utilizing the Custom Component's budget, process and rules. The RCx investigation will be incentivized through the Energy Management Component's budget, process and rules.*

Incentive rates will be built on an actual cost-basis, subject to the Custom Energy Solutions approved percentage of compensation, customer caps, eligibility and deliverable requirements. Payments will be issued to participating customers or, if assigned and approved by the customer, to the contractor delivering the on-site services related to the project.

The focus of this incentive structure applies to the Program Year 1 budget and is anticipated to be revised for each Program Year.

RATE STRUCTURE

ON-SITE ENERGY MANAGER INITIATIVE (OEMI)

The rate structure for year one of the CES Program's Energy Manager Initiative incentive is described in Table 1. below.

Table 1: Energy Manager Incentive Rates for Year One of the CES Program.

Incentive Component	Incentive Rate Basis	Caps, Limitations & Requirements	Payment Schedule
Energy Manager	<ul style="list-style-type: none"> 90% of the energy manager's 1st year salary 50% of the energy manager's 2nd year salary (subject to change) 	<ul style="list-style-type: none"> For the 1st year, 90% of annual salary of up to \$100,000 is covered for a maximum of \$90,000. For the 2nd year, 50% of annual salary of up to \$100,000 is covered, for a maximum of \$50,000. Second year savings subject to change. Develop Program-approved strategic energy optimization plan within 60 days of start date Each year, the customer must deliver total GHG reduction that is the higher of 1,250 tonnes or 5% of previous year's emissions. If there is a GHG reduction shortfall in Year 1, that amount rolls into Year 2 goals. In-scope facilities are targeted at 25,000 tonnes GHG per year to qualify (aligning with Reporting-only Regulation). Facilities between 10,000 and 25,000 tonnes GHG per year without aggregation may be eligible at the sole discretion of EEA. Organizations can aggregate campus facilities to meet the 25,000 tonnes GHG per year qualification, but it is recommended that the facilities share at least one utility service to ensure geographic proximity. 	<ul style="list-style-type: none"> 33% of incentive approved on day one of energy manager employment Remainder paid on a pro-rated, milestone basis as energy savings goal is achieved

The intent of the OEMI incentive is to encourage, guide and accelerate the hire and placement of qualified Energy Managers into large companies and facility portfolio owners. Once established, these Energy Managers will leverage support from the OEMI as well as the Custom Component incentives to drive GHG-reduction projects. The Program will target large, complex facilities or portfolios of facilities with relatively high energy consumption and GHG emissions for maximum benefit.

CLEAResult Senior Account Managers and/or Engineers will meet with customers and screen facilities, using standard Program tools, to determine an initial estimate of GHG potential for the Energy Manager Initiative. Some facilities may lack the energy efficiency potential for the Initiative and will be referred to and guided through other Program opportunities as appropriate.

Participants will be required to generate and implement GHG-saving projects totaling at least 1,250 tonnes in GHG reductions for each year they participate, along with other requirements such as training, as defined in Energy Management Component documentation. If goals are missed in the first year of Energy Manager employment, the remainder will be added to the second year, but the OEMI incentive will be made at the second-year rate (i.e., pro-rated % of salary at stake = 50% instead of 90%).

Outside of the initial incentive payment that is issued upon the new Energy Manager's first day of employment, all payments are made on a semi-annual or milestone basis and are based on the energy savings achieved since the previous payment. For example:

Customer A has a Program-determined annual target of 2,000 tonnes GHG reduction.	
<p>Milestone 1 - Customer A applies for the Energy Manager Incentive on May 1, 2018 and hires an Energy Manager who meets Program criteria and begins employment on July 1, 2018.</p> <p>The new Energy Manager's salary is \$100,000 per year.</p>	<p>The Program delivers an incentive cheque for \$29,700 = 33% x (90% x \$100,000)</p>
<p>Milestone 2 - By December 1, Customer A has submitted, and the Program has verified and approved Custom incentives for projects that reduce GHG emissions by 1,000 tonnes or 50% of the annual goal.</p>	<p>The Program delivers an incentive cheque for \$30,150 = 50% x ((90% x \$100,000)-\$29,700)</p> <p><i>The customer also earns a separate, Custom incentive for each Tonne GHG reduced, subject to annual customer caps.</i></p>
<p>Milestone 3 - By June 1, 2019, Customer A has submitted, and the Program has verified and approved a Custom Incentives for projects that reduce GHG emissions by an additional 500 tonnes or 25% of the annual goal.</p>	<p>The Program delivers an incentive cheque for \$7,537.50 = 25% x ((90% x \$100,000)-\$29,700-30,150)</p> <p><i>The customer also earns a separate, Custom incentive for each Tonne GHG reduced, subject to annual customer caps.</i></p>
After July 1, 2019, Year 2 of the Energy Manager's employment begins and the incentive rate shifts from 90% to 50% of his/her salary and the annual baseline and goal resets to 2,500 (2,000 annual goal, plus 500 shortfall from Year 1) tonnes GHG.	
<p>Milestone 4 – By December 1, 2019, Customer A has completed projects that reduce GHG emissions by an additional 1610 tonnes or 64.4% of the annual goal.</p>	<p>The CES Program delivers an incentive cheque for \$32,200 = 64.4% x (50% x \$100,000)</p> <p><i>The customer also earns a separate, Custom incentive for each Tonne GHG reduced, subject to annual customer caps.</i></p>
<p>Milestone 5 – By July 1, 2020, Customer A has completed projects that reduce GHG emissions by an additional 1,000 tonnes, exceeding the new target. Since Customer A has exceeded goal for the year, they will receive the remainder of the available incentive for Year 2.</p>	<p>The CES Program delivers an incentive cheque for \$17,800 = ((50% x \$100,000) - \$32,200)</p> <p><i>The customer also earns a separate, Custom incentive for each Tonne GHG reduced, subject to annual customer caps.</i></p>
After this date, Year 3 of the Energy Manager's employment begins, and the Program no longer provides cash incentives to offset the Energy Manager's salary. The Customer may continue to apply for Custom incentives and/or other OEMI incentives.	