2003  SPC
Procedures Manual

Utility Administrators:

Pacific Gas and Electric Company
Ms. Angie Ong-Carrillo, 415-973-1887, axo1@pge.com

San Diego Gas & Electric
Mr. Phil Ondler, 858-636-6836, pondler@semprautilities.com

Southern California Edison
SPC Assistance Line, (800) 736-4777, spc@sce.com
Contents of This Manual

Section S  Summary of Program Rules

Section 1  Program Overview and Policies
Who’s eligible?
What measures qualify?
What are the incentive rates?
How to apply…and more!

Everyone should read this 16-page overview.
Getting paid depends on following these policies and procedures.

Section 2  Estimating Energy Savings
Your choice of two methods for determining how much energy you’ll save:
estimation software or engineering calculations.

Everyone needs to review this section.

Section 3  Forms and Instructions
Form 1: 2003 SPC Application
Form 2: 2003 SPC Application—Savings Summary
Form 3: 2003 SPC Installation Report
Form 4: 2003 SPC Operating Report (M&V Projects Only)

…includes detailed instructions for completing each form.
Get your forms here, or use the electronic forms on the CD-ROM.

Section 4  Software Instructions
How to use the SPC 2003 Software on the CD-ROM, including the electronic forms.
If you have questions about the CD, check here first.

Index

Appendix A  Sample SPC Agreement
Appendix B  Table of Standard Fixture Wattages
Appendix C  Minimum Equipment Efficiency Standards
Appendix D  Building Descriptions
Appendix E  Engineering Calculation Worksheet
Summary of Program Rules

The Standard Performance Contract Program (SPC) offers cash incentive payments for projects involving replacement of existing equipment or systems with new, high-efficiency equipment or systems. The program is open to projects involving commercial, industrial and agricultural customers with the amount of the payment determined by the quantity of savings resulting from installation of the new equipment or system. Under the SPC Program a Project Sponsor follows a multi-step application process using forms supplied specifically for the SPC program. The various forms are submitted to the appropriate Utility Administrator for evaluation and payment. Depending on the nature of the project, the application process may involve one or more site inspections by the Utility Administrator prior to payment. In all cases, the Utility Administrator will work closely with the Project Sponsor to facilitate the review and payment process.

The following sections briefly summarize the SPC program. For additional information refer to the SPC 2003 Program Manual or contact your local SPC Utility Administrator.

1.0 PROGRAM DEFINITIONS & ELIGIBILITY

1.1 Utility Administrator

Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE) administer the SPC program in their respective service territories.

1.2 Project Sponsor

The Project Sponsor is responsible for completing the SPC application and ultimately receives the payment from the Utility Administrator. The Project Sponsor may be the customer where the energy saving equipment or systems are installed or may be a third-party authorized to act on behalf of one or more customers.

1.3 Customer

The Customer is the utility customer whose site or sites have implemented the energy saving measure(s). All non-residential customers who (1) receive distribution services from PG&E, SCE, or SDG&E and (2) pay the public goods charge or demand-side management surcharge on their utility bills are eligible for Program participation as a customer.

1.4 Project

A Project is defined as all of the measures included in a single SPC application. The Project may therefore include multiple sites and multiple measures as long as they are all located within a single utility service territory. Program payments are provided based on total project savings for the measures installed and as such all measures to be installed in a Project must be completed before any payment is made.

To qualify for payment under the SPC program the Project must have an estimated annual savings of at least 5,000 kWh or 500 Therms. For projects that include T-12 to T-8 fluorescent lighting replacement, the application must include other measures that account for at least 20% of the project’s total energy savings.

It is important to note that a Project is ineligible for SPC program participation if any of the Project measures are included in applications to any other California energy efficiency program. Other California energy efficiency programs include, but are not limited to, any program offered...
by, or through the four large investor-owned utilities, the California Energy Commission and the California Public Utilities Commission.

1.5 **Energy Saving Measure**

An energy saving measure is the replacement of existing equipment or systems with new, high-efficiency equipment or systems. Only measures involving the retrofit of existing, operational equipment are eligible. Measures involving new construction, cogeneration, or fuel-switching projects are not eligible. Measures must exceed applicable government and/or industry minimum efficiency standards to qualify and must operate and produce verifiable energy savings for at least five years. Incentives are paid for direct energy savings only; energy savings due to interactive effects are not eligible.

For the replacement of 4-foot fluorescent lamps, the new equipment must be 2nd or 3rd generation (see Table S-1 below)

**Table S-1. Eligible Fluorescent Lamp Characteristics**

<table>
<thead>
<tr>
<th>Lamp/Ballast Combination Type</th>
<th>T8 Lamp Color Rendering Index (CRI)</th>
<th>Initial Catalog Lumens</th>
<th>Rated Life @ Three Hours per Start - Rapid Start Ballast</th>
<th>Rated Life @ Three Hours per Start - Instant Start Ballast</th>
<th>Ballast Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd Generation</td>
<td>= or &gt; 85</td>
<td>= or &gt; 2,950</td>
<td>= or &gt; 24,000 Hours</td>
<td>= or &gt; 18,000 Hours</td>
<td>All</td>
</tr>
<tr>
<td>3rd Generation</td>
<td>= or &gt; 85</td>
<td>= or &gt;3,100</td>
<td>= or &gt; 24,000 Hours</td>
<td>= or &gt; 18,000 Hours</td>
<td>= or &lt; 0.78</td>
</tr>
</tbody>
</table>

2.0 **ESTIMATING & MEASURING ENERGY SAVINGS**

As part of the application process the Project Sponsor is required to estimate the energy savings that will be achieved by the energy saving measure(s). Savings may be estimated using software provided by the SPC program or the Project Sponsor can elect to use their own engineering calculations. All energy savings estimates are reviewed and approved by the Utility Administrator as part of the application process.

Based on the review of the estimated savings, the Utility Administrator may require measurement and verification (M&V) of energy use both before and for up to 2 years after implementation of the energy saving measure. If the Utility Administrator deems that M&V is needed then the Project Sponsor must prepare and submit an M&V plan to the Utility Administrator for review and approval. Should M&V be required then the Program incentive payment will be increased by 10% to help defray M&V costs.

3.0 **INCENTIVES**

The SPC Program incentive payment amount is based on the energy (kWh or therms) saved in one year. The incentive amount is calculated by multiplying the estimated annual energy savings by the applicable incentive rate. For projects that involve M&V the final incentive amount is based on the measured performance and can therefore vary between 0 and 110 percent of the amount originally noted on the project application (contracted amount).
3.1 Incentive Rates

The incentive rate varies based on the type of savings measure as shown in Table S-2 below.

Table S-2. Incentive Rates

<table>
<thead>
<tr>
<th>Measure Type</th>
<th>Incentive Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting (Fluorescent or Other Lighting controls)</td>
<td>5.0¢ / annual kWh</td>
</tr>
<tr>
<td>Motors and Other Equipment</td>
<td>8.0¢ / annual kWh</td>
</tr>
<tr>
<td>Air Conditioning and Refrigeration (AC&amp;R)</td>
<td>14.0¢ / annual kWh</td>
</tr>
<tr>
<td>Gas*</td>
<td>60.0¢ / annual therms</td>
</tr>
</tbody>
</table>

* - SPC incentives for gas savings are not available in SCE service territory.

3.2 Incentive Amount Limitations

Under SPC Program rules the incentive amount that can be paid is subject to a number of limitations. These limitations are applied at the Project, Utility Administrator, as well as Overall Program (statewide) levels, and are summarized as follows.

At the Project level, the maximum incentive amount is the lesser of:

- $300,000 per customer site,
- 50% of the Project cost, or

At the SPC Utility Administrator level:

- Project Sponsor or Corporate Parent is limited to 25% of the funds managed by any individual Utility Administrator
- No more than 30% of the incentive payments made by a single Utility Administrator can be for lighting measures.
- Utility Affiliates are limited to 15% of the funds managed by any individual Utility Administrator.

At the overall SPC Program level the maximum annual incentive a customer may receive is:

- $1.5 million per corporate parent, and
- $4.0 million per Federal, State, and Local government parent.

State government parents include the University of California, California State University, Department of Corrections, Department of General Services, combination of the Department of Developmental Services and CalTrans, combination of the California Youth Authority and the Department of Mental Health, and all other state agencies and departments. Federal government parents include the Air Force, Army, Navy, Marines, Postal Service, General Services Administration, and all other federal agencies or departments. Local government parents include cities, counties, school districts, water districts, and other non-Federal or State governments.

Given the variety of incentive amount limitations that may apply it is important that you contact the applicable Utility Administrator regarding any limitations that may be applicable to a specific project.

3.3 Incentive Payment Schedule:

The incentive is paid for project measure(s) installed in either one or two payments depending on whether M&V is required. For Projects without M&V, 100% of the approved incentive amount is paid after installation of the project measure(s) is confirmed (Installation Report is approved).

For projects where M&V is required, 60% of the approved incentive is paid after the installation of the project measure(s) is confirmed. The balance of the incentive amount for the measure(s)
installed is determined based on the M&V results and is paid upon receipt and approval of the final report (Operating Report).

4.0 HOW TO APPLY

To apply for incentives under the SPC program the Program Sponsor follows a multi-step process using forms specific to the SPC program. These forms can be completed by hand (PDF forms) or can be completed electronically using either Excel or with SPC specific software. The application process consists of the following two or three steps depending on whether M&V is required.

4.1 First Submittal - Project Application (PA)

The Project Sponsor prepares and submits a Project Application (PA), which includes the energy savings estimate. The Utility Administrator reviews the PA and may choose to inspect the existing equipment prior to approval. Once the PA is approved a contract is executed between the Project Sponsor and Utility Administrator and incentive money is reserved for the Project, pending timely installation of the project measures. Note that neither decommissioning of existing equipment nor construction or implementation of an energy saving measure may begin prior to PA approval.

4.2 Second Submittal – Installation Report (IR)

The Project Sponsor prepares and submits the Installation Report (IR) after all Project measure(s) have been installed and are operational. The Utility Administrator reviews the IR and may choose to inspect the installed equipment prior to approval. The Utility Administrator issues the incentive payment upon approval of the IR for the project measure(s) installed.

4.3 Third Submittal - Operating Report (OR) – Projects involving M&V ONLY.

For projects involving M&V, the Project Sponsor must prepare and submit an Operating Report (OR). The OR is prepared using the results of the M&V activities during the first year of operation. The Utility Administrator reviews the OR and may choose to inspect the installed equipment prior to approval. The Utility Administrator calculates the final incentive amount based on the M&V results for the project measure(s) installed and issues the final incentive payment.

5.0 IMPORTANT DATES AND DEADLINES:

- Program Opens: April 2003 (please check your Utilities website, listed in table 1-8, for the exact date).
- Application Deadline: December 31, 2003 or until all of the Utility’s SPC incentive funds are committed.
- Installation Deadline: June 1, 2004
# Section 1:
## Program Overview and Policies

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Introduction</td>
<td>1-1</td>
</tr>
<tr>
<td>1.2</td>
<td>How the SPC Program Works</td>
<td>1-2</td>
</tr>
<tr>
<td>1.3</td>
<td>Eligibility</td>
<td>1-3</td>
</tr>
<tr>
<td>1.4</td>
<td>Qualifying Energy Efficiency Measures</td>
<td>1-3</td>
</tr>
<tr>
<td>1.5</td>
<td>Minimum Project Size</td>
<td>1-7</td>
</tr>
<tr>
<td>1.6</td>
<td>Aggregating Project Sites</td>
<td>1-8</td>
</tr>
<tr>
<td>1.7</td>
<td>Measurement and Verification</td>
<td>1-8</td>
</tr>
<tr>
<td>1.8</td>
<td>Incentive Payments</td>
<td>1-10</td>
</tr>
<tr>
<td>1.9</td>
<td>How to Apply</td>
<td>1-12</td>
</tr>
<tr>
<td>1.10</td>
<td>Project Application</td>
<td>1-14</td>
</tr>
<tr>
<td>1.11</td>
<td>Project Installation</td>
<td>1-15</td>
</tr>
<tr>
<td>1.12</td>
<td>Installation Report</td>
<td>1-16</td>
</tr>
<tr>
<td>1.13</td>
<td>Operating Report</td>
<td>1-17</td>
</tr>
<tr>
<td>1.14</td>
<td>Other Important Terms and Conditions</td>
<td>1-18</td>
</tr>
</tbody>
</table>
1.1 Introduction

Welcome to California’s 2003 Standard Performance Contract (SPC) program. This program provides financial incentives for energy efficiency retrofits. Businesses that install energy-saving equipment are rewarded with cash payments, based on the actual kWh or therm savings that are achieved.

Administered by Utilities. The program is administered by California’s three main investor-owned utilities — Pacific Gas and Electric Company, San Diego Gas & Electric, and Southern California Edison — and funded by utility customers through the public goods charge and demand-side management surcharge on utility bills.

Designed for All Business Customers. The program serves all business customers — i.e., commercial, industrial, and agricultural customers — of any size. In the 2003 program, all customers share the same rules and procedures, except in occasional instances as specifically noted. While all business customers are eligible, customers whose service account or service agreements have an electric demand less than 500 kW or who use less than 250,000 therms of gas per year may be directed to the Express Efficiency Program.

Program Materials. Because incentive payments are based on careful adherence to program requirements, please read this entire Program Overview and Policies section of the 2003 SPC Procedures Manual before starting a SPC project. Additional sections of the SPC Procedures Manual — including forms and instructions — are available from your Utility Administrator both in hardcopy and on CD-ROM. Most of these materials are also available on utility websites.

Changes for 2003. If you have participated in the SPC program before, refer to the program changes for 2003 in the box below. If you are new to the program, jump ahead to the next page to learn how you can receive substantial financial incentives to speed the payback on your high-efficiency equipment installation.

What’s New in 2003

✓ In 2003, Comprehensive Lighting pertains only to lighting retrofits where T-12 fluorescent fixtures are replaced by T-8 fluorescent fixtures. For this type of retrofit measures are eligible only if they are a part of a “Comprehensive Retrofit”. A Comprehensive Retrofit is defined as having at least 20% of the energy savings come from non-comprehensive lighting replacement measures, such as HID lighting replacement, air conditioning (AC) retrofits, high efficiency motors or lighting controls.

✓ The 2003 SPC program opens April 2003 (please check your Utilities website, listed in table 1-8, for the exact date). Applications are accepted until December 31, 2003 or until all of the Utility Administrator’s SPC incentive funds are committed.

✓ Air Conditioner economizer measures are now eligible for SPC incentives (for retrofits where the baseline equipment is not already equipped with an economizer).

✓ LED Exit Sign measures are now eligible for SPC incentives.

✓ Measures involving Screw-in Compact Fluorescent Lamp fixtures with locking devices or fixture modifications are now eligible for SPC incentives The fixture must be permanently modified so that only CFL type replacement lamps can be used.

✓ The incentive rate for Gas Measures has increased from 45.0¢ / annual therms to 60.0¢ / annual therms.

✓ A cool roof Estimating Tool has been added the SPC software. This allows SPC applicants to quickly and easily estimate energy savings and incentives for the installation of cool roof materials on a building.
1.2 How the SPC Program Works

1.2.1 The Main Players
The SPC program involves three key entities:

1. **Customer**—A business utility customer who conducts, or authorizes an outside Project Sponsor to conduct, an energy efficiency project at one or more sites.

2. **Project Sponsor**—An entity that submits a project application and executes an SPC Agreement with a Utility Administrator. Customers can serve as their own Project Sponsor. Alternatively, projects may be sponsored by another party such as an energy services company (ESCO).

3. **Utility Administrator**—Pacific Gas and Electric Company, San Diego Gas & Electric, or Southern California Edison, whichever provides distribution services to the project site.

1.2.2 The Basic Process
The SPC program works as follows:

1. The Customer agrees to pursue an energy efficiency project.

2. The Project Sponsor determines the site’s baseline energy usage and estimates the energy savings to be gained from the project.

3. The Project Sponsor submits an SPC application under the Calculated Savings Approach to the appropriate Utility Administrator. The application describes the project and the expected energy savings.

4. The Utility Administrator reviews the application and may conduct a pre-installation site inspection. **All existing equipment must be operating and available for inspection, or the project may be ineligible.** The Utility Administrator may revise the energy savings and related incentive calculation as applicable. The Utility Administrator may also require the Project Sponsor to submit an M&V plan, if the Utility Administrator determines at its sole discretion that a Measured Savings approach is more appropriate for the proposed project.

5. If the application is approved, incentive funding for the project is reserved and the Project Sponsor and Utility Administrator enter into an SPC Agreement (standard performance contract).

6. The project is installed. **In most cases, construction cannot begin until after the Utility Administrator approves the application and any needed baseline measurements are completed.**

7. Once the new equipment is installed and operational, the Project Sponsor submits an Installation Report. The Utility Administrator reviews the report and may inspect the installation site to verify completion.

8. Upon approval of the Installation Report, the Project Sponsor receives the incentive payment. For Calculated Savings projects, 100% of the approved incentive is paid, for Measured Savings projects, 60% of the approved incentive is paid.

9. If the project uses the Measured Savings approach, the equipment is operated for one or two years (at discretion of Utility Administrator) with the Project Sponsor performing the agreed upon M&V activities. At the end of one or two years, the Project Sponsor submits the Operating Report and receives the remainder of the incentive based on the measured savings, when the Utility Administrator approves the Operating Report.
Participation in the SPC program is entirely voluntary. Project Sponsors incur all costs associated with preparing an application, installing equipment, conducting M&V activities, and otherwise reviewing or executing the SPC Agreement. Receipt of incentive funds depends on careful adherence to program policies. In return, Project Sponsors obtain cash payments (which they may pass on to their Customers), while participating Customers acquire high-efficiency equipment that will lower their energy costs.

1.3 Eligibility

1.3.1 Customer Eligibility
The SPC program is open to all business customers who (1) receive distribution services from PG&E, SCE, or SDG&E and (2) pay the public goods charge or demand-side management surcharge on their utility bills. As long as these criteria are met, all business customers — including those who purchase gas or electricity from another supplier — can apply for SPC incentives. SPC incentives for gas savings are not available in SCE service territory.

1.3.2 Project Sponsor Eligibility
Customers can self-sponsor their own projects. Projects can also be sponsored by outside parties such as energy efficiency service providers (EESPs), which include energy service companies (ESCOs), lighting installers, HVAC contractors, consulting engineers, and energy management companies. An outside Project Sponsor must hold a valid California Contractor’s License if performing work where such a license is required under the California Business and Professions Code. Please note that the Utility Administrators do not qualify Project Sponsors; the Customer bears full responsibility for selecting a Project Sponsor if one is desired.

1.4 Qualifying Energy Efficiency Measures
Unlike rebate programs, which reward pre-defined efficiency measures, the SPC program accepts a wide variety of energy-saving projects, including custom designs. All projects must meet the following criteria:

1. Retrofits Only. All energy efficiency measures must be retrofits or replacements of existing equipment. The equipment that is being replaced cannot be broken and must still be in operation.
   New construction, cogeneration, and fuel-switching projects are not eligible. (Incentives for high-efficiency new construction are available through California’s Savings By Design program; visit your Utility Administrator’s website for more information.)

2. Must Exceed Government Standards. Incentives are paid only on the energy savings above and beyond minimum federal- and state-mandated energy efficiency performance. If there are no Government standards for a particular measure, current industry practices are used to establish baseline performance.

3. Must Operate at Least Five Years. The SPC contract requires the new equipment to have a useful life of and be in operation for at least five years. This ensures that California ratepayers obtain ongoing energy savings for their incentive dollars.

4. Measures Cannot Overlap Other Incentive Programs such as Express Efficiency. Many energy efficiency measures are eligible for incentive payments from other utility incentive programs such as the Express Efficiency program. Energy saving measures cannot receive incentives from more than one program. Customers implementing measures eligible for one of these other programs are required to apply for incentives through those
programs first, up to the applicable limit of that program, before applying for incentives through the SPC program. If a single project would be eligible for a total incentive exceeding the applicable limit of the other incentive program, then that project could, at the customer’s option, be submitted directly to the SPC program without first applying in the other program.

PG&E
www.pge.com/003_save_energy/003b_bus/003b1a_equip_rebate.shtml
1-800-468-4743

SCE
www.sce.com/002_save_energy/002c1c1_exp_eff_rebs.shtml
1-800-736-4777

SDG&E
www.sdge.com
1-800-644-6133

5. Comprehensive Lighting Project Limitations

In 2003, comprehensive lighting projects are defined as those retrofits involving the replacement of T-12 fluorescent fixtures with T-8 fluorescent fixtures. For a comprehensive lighting replacement to be eligible, the application must include other measures that account for at least 20% of the project’s energy savings. These measures can include such items as non-comprehensive lighting (other than T-12 to T-8), air conditioner replacement, lighting controls, boiler upgrade, high efficiency motors, or day-lighting with dimmable ballasts. This limitation does not apply to eligible lighting retrofits other than T-12 to T-8 fluorescent.

6. Second and Third Generation Fixtures

For the replacement of 4-foot fluorescent lamps, the proposed equipment must conform to second or third generation equipment definitions described in Table 1-1.

Table 1-1 Definition of First, Second and Third Generation Lamps (4-foot fluorescent fixtures only)

<table>
<thead>
<tr>
<th>Lamp/Ballast Combination Type</th>
<th>T8 Lamp Color Rendering Index</th>
<th>Initial Catalog Lumens</th>
<th>Rated Life @ Three Hours per Start - Rapid Start Ballast</th>
<th>Rated Life @ Three Hours per Start - Instant Start Ballast</th>
<th>Ballast Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Generation</td>
<td>&lt; 85 CRI</td>
<td>= or &lt; 2,850 initial lumens</td>
<td>= or &lt; 20,000 hours</td>
<td>N/A</td>
<td>All</td>
</tr>
<tr>
<td>2nd Generation</td>
<td>= or &gt; 85 CRI</td>
<td>= or &gt; 2,950 initial lumens</td>
<td>= or &gt; 24,000 Hours</td>
<td>= or &gt; 18,000 Hours</td>
<td>All</td>
</tr>
<tr>
<td>3rd Generation</td>
<td>= or &gt; 85 CRI</td>
<td>= or &gt;3,100 initial lumens</td>
<td>= or &gt; 24,000 Hours</td>
<td>= or &gt; 18,000 Hours</td>
<td>= or &lt; 0.78 ballast factor</td>
</tr>
</tbody>
</table>

1 - All first generation 4-foot T8 linear fluorescent lighting products are excluded from SPC incentives.
2 - Second and third generation lighting products are eligible for SPC incentives.
3 - HID, T5, LED, hardwired compact fluorescent, 2’, 3’, 5’ 8’ and U-bent fluorescent systems are eligible for SPC incentives

1.4.1 Examples of Eligible Measures

Table 1-2 provides an illustrative (not a comprehensive) list of qualifying efficiency measures. In general, if a measure is not specifically excluded by SPC rules, and you can provide documentation supporting energy savings beyond state and federal standards, then it is eligible for the SPC incentive, subject to the approval of your Utility Administrator.
In Table 1-2, please note that the category of a given measure — Lighting, Air Conditioning & Refrigeration (AC&R), Motors/Other electrical equipment, or gas — is important because the category determines the incentive rate that will be paid (see Section 1.8 of this manual).

In order for an air conditioning or refrigeration measure (technologies utilizing a refrigerant cycle) to be classified as the AC&R retrofit type the installed equipment must directly affect the vapor-compression cycle. For example the addition of a variable speed drive on the compressor motor for a chiller system would be categorized as an AC&R retrofit type. However the installation of a variable speed drive on the cooling tower fan motor on the same system would be categorized as an Other retrofit type. Evaporative cooling equipment measures are classified as AC&R retrofit types.
| Lighting                                      | • Comprehensive lighting (T-12 to T-8 fluorescent)* |
|                                             | • Other lighting such as HID, T-5, LED, or compact fluorescent lamps (CFLs); including screw-in CFL fixtures with locking devices or permanent fixture modifications* |
|                                             | • Lighting controls*                                |
|                                             | • LED traffic lights                                 |
|                                             | • LED exit signs*                                   |
|                                             | • Day lighting and dimmable ballast                 |

| Air Conditioning and Refrigeration           | • High-efficiency chillers*                         |
|                                             | • Variable-speed drive (VSD) chiller retrofits over 100 hp |
|                                             | • Chiller heat reclaim                               |
|                                             | • Packaged air conditioners*                         |
|                                             | • Evaporative cooling*                               |
|                                             | • Evaporative pre-cooling                            |
|                                             | • Indirect evaporative cooling (single stage and dual stage) |
|                                             | • Heat transfer (including heat pumps) to heat sinks, such as ground source cooling in air-conditioned buildings |
|                                             | • A/C compressors*                                   |
|                                             | • Refrigeration compressors*                         |
|                                             | • Refrigerated case doors*                           |

| Motors and Other Equipment                  | • Variable air volume conversion                    |
|                                             | • Motor upgrades (e.g., for air handlers and cooling towers)* |
|                                             | • Process variable-speed drives (e.g., on condenser water and hot water pumps, on industrial fans and pumps, and on cooling tower motors)* |
|                                             | • HVAC variable-speed drives (e.g., on air handlers and chilled water pumps)* |
|                                             | • Air Conditioner air-side or water-side economizers |
|                                             | • Cooling tower upgrades                             |
|                                             | • Cool Roofs*                                        |
|                                             | • Industrial process applications                     |
|                                             | • Trimming impellers on industrial fans and pumps    |
|                                             | • Projects improving building hot water efficiency*  |
|                                             | • Water flow controls resulting in electric savings  |
|                                             | • Controls and energy management systems for HVAC equipment |
|                                             | • Refrigeration evaporator fan controls*             |
|                                             | • Exhaust hood and fan projects                      |
|                                             | • Window films and glazings*                          |
|                                             | • Dairy Vacuum Pumps/VSDs                            |

| Gas Measures                                | • Boiler or furnace replacements*                   |
|                                             | • Boiler heat recovery                              |
|                                             | • Boiler economizers                                |
* These measures may be covered under the Express Efficiency Program. Customers with service accounts/service agreements with an electric demand less than 500 kW or who use less than 250,000 therms of gas per year should apply to Express Efficiency for these measures. Please check with your Utility Administrator to verify.
1.4.2 Summary of Ineligible Measures
Table 1-3 summarizes the types of measures that do not qualify for SPC incentive funds.

Table 1-3. Ineligible Measures

- T-12 to T-8 fluorescent lighting retrofits that don’t meet comprehensive requirements (i.e. T-12 to T-8 fluorescent lighting replacement in excess of 80% of the total project savings)
- Linear fluorescent lighting retrofits where the proposed 4’ T-8 equipment does not meet the second or third generation requirements
- Screw-in compact fluorescent lamps (including screw-in compact fluorescent lamps with permanent fixture modification or locking device)
- Through the window or plug-in air conditioner units
- Measures that are installed before the Application is approved
- Technologies that fail to meet federal and state minimum standards
- Technologies with a life of less than five years
- Technologies where there is no significant replacement of equipment or modification to existing equipment
- Measures that are not permanently installed and can be easily removed, such as computer inactivity time-out controls or measures to decrease building plug loads
- Measures that save energy because of operational changes
- Measures that your utility may require you to conduct through Express Efficiency or another incentive program
- Fuel-switching measures
- Self-generation or cogeneration projects
- New construction projects
- Repair or maintenance projects

1.5 Minimum Project Size
An SPC project must achieve significant energy savings, subject to the following provisions:

1. More Than 5,000 kWh or 500 Therms per Year. A project must save at least 5,000 kWh/year, 500 therms/year, or an equivalent combination of electricity and gas. To determine an equivalent combination, use a ratio of 10:1 electric to gas savings. Thus, a project saving 3000 kWh and 200 therms, and a project saving 1000 kWh and 400 therms, would both be eligible. Remember that energy savings are based on the increment by which the new equipment out performs minimum efficiency standards.

2. Direct Savings Only. Only direct energy savings—not energy savings due to interactive effects—count in determining a project’s energy savings. For example, high-efficiency lighting typically lowers the air conditioning load. But only the avoided lighting energy, not the avoided air conditioning energy, would count as energy savings in determining the minimum project size for a lighting project.
3. **Either Single or Multiple Measures.** An SPC project may comprise a single energy efficiency measure (e.g., a boiler replacement or chiller plant upgrade) or a variety of measures (e.g., an air handler motor upgrade and a variable-speed drive, plus a daylighting measure).

4. **Projects May Be Bundled.** Projects that would individually save less energy than the minimum requirement may be combined with projects at other sites to develop an aggregate project that meets the minimum energy savings requirement (see Section 1.6).

### 1.6 Aggregating Project Sites

To meet minimum energy savings requirements, or to reduce paperwork, a Project Sponsor may choose to combine individual projects at different sites into a single project using one program application form. Program rules for 2003 are extremely flexible:

- The project sites can be owned by the *same Customer or by different Customers*. Please refer to section 3.2 (Incentive Amount Limitations) to review the total incentive amount available per customer.

- **There is no limit on the number of sites** that can be aggregated.

- The sites *can have entirely different measures*, operating hours, energy use profiles, and M&V plans. If it is determined by the Utility Administrator that a measure needs to use the “Measured Savings Approach”, it will be separated from the calculated measures on a second application for processing. The two applications will be treated as one when determining minimum savings requirements or eligibility for comprehensive lighting projects.

There are just two limitations on aggregating project sites:

- Customer sites *must be in the same utility service territory*. Although the SPC program operates statewide, a given project application can be submitted to only one Utility Administrator.

- If the Utility Administrator determines that some measures on an application require the use of the Measured Savings approach, and other measures may follow the Calculated Savings approach, the application may be split into two applications, but considered one, when determining minimum project size, comprehensive lighting requirements, and project cost limitations.

When combining sites and measures into a single application, Project Sponsors should be aware that such projects will not be reviewed, approved, or receive payment until paperwork on all the individual sites and measures is complete.

### 1.7 Measurement and Verification

As a performance contracting program, the SPC program requires some means of determining the energy savings from a given project and verifying that those energy savings have been achieved. These measurement and verification (M&V) requirements have been greatly simplified for 2003, so that for many straightforward retrofits, the Project Sponsor can calculate the energy savings instead of measuring them directly.

The normal procedure is to submit projects using the Calculated Savings approach, which requires no ongoing site measurements. After reviewing the proposed measures, the Utility Administrator may determine that the uncertainty in achieving the proposed savings is great enough that the Measured Savings approach is required. In this case the Project Sponsor will be required to submit an M&V plan, and project incentives will be based on actual field
monitoring which qualifies for an additional 10% adder. The “performance period” is one or two years for the Measured Savings approach. The Utility Administrator will determine whether one or two years of measuring is appropriate based on project size and complexity.

### 1.7.1 Calculated Savings

Unlike traditional M&V, the Calculated Savings approach requires no end-use metering (with the exception of a few efficiency measures, like motors, which may require spot measurements during Utility Administrator inspections). Rather, the Project Sponsor simply estimates the expected savings using one of the following two methods, depending on the type of retrofit being installed as per Table 1-4:

1. **Estimation Software.** The software tools on the CD-ROM require detailed input about your facility and thus give an accurate approximation of the energy savings.

2. **Engineering Calculations.** This is a more difficult method and should be used only for efficiency measures that are not addressed by the estimation software. If you would like to do your own engineering calculations for a measure covered by the estimation software, you will need to provide a solid explanation of why the estimation software should not be used.

<table>
<thead>
<tr>
<th>Estimation Software*</th>
<th>Engineering Calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting</td>
<td>All other eligible energy efficiency measures</td>
</tr>
<tr>
<td>Lighting controls (occupancy sensors)</td>
<td></td>
</tr>
<tr>
<td>AC units</td>
<td></td>
</tr>
<tr>
<td>Variable-speed drives (both HVAC and process)</td>
<td></td>
</tr>
<tr>
<td>Cool Roofs</td>
<td></td>
</tr>
<tr>
<td>Air compressors</td>
<td></td>
</tr>
<tr>
<td>Injection molders</td>
<td></td>
</tr>
<tr>
<td>Dairy vacuum pumps</td>
<td></td>
</tr>
<tr>
<td>Motors</td>
<td></td>
</tr>
<tr>
<td>Process boilers</td>
<td></td>
</tr>
<tr>
<td>Space heating boilers</td>
<td></td>
</tr>
<tr>
<td>Boiler economizers</td>
<td></td>
</tr>
</tbody>
</table>

* Customers with service accounts/service agreements with an electric demand less than 500 kW or who use less than 250,000 therms of gas per year should refer to Table 1-2, Examples of Eligible Measures, to determine if measure type is covered under the Express Efficiency program and not eligible for the SPC program.

### 1.7.2 Measured Savings

The Utility Administrator determines if a measure requires the measured savings approach. The Project Sponsor does not have the option of either selecting the measured savings approach or rejecting it if the Utility Administrator requires it. To help defray the M&V cost, this approach receives an additional 10% of the estimated incentive of the measures that require the Measured Savings Approach.

#### 1.7.2.1 Estimating Energy Savings

Although savings will ultimately be determined through site measurements, you will estimate the savings the same as with the Calculated Savings approach.
1.7.2.2 Creating an M&V Plan

The Project Sponsor must create an M&V plan that addresses each measure that the Utility Administrator requires for Measured Savings. The following paragraphs provide an overview on what is required for Measured Savings. If you are required to perform Measured Savings the Utility Administrator will provide additional information on preparing the M&V Plan.

- **Multiple plans for multiple sites.** For projects with multiple sites, each site must have its own measure-specific M&V plan unless a single plan logically applies to more than one site. Sites sharing the same plan must have the same occupancy schedule, same functional use, and same energy consumption patterns.

- **Adhere to IPMVP.** The plan should comply with the 1997 International Performance Measurement and Verification Protocol (IPMVP), using the Protocol’s Option B (metered savings), Option C (building analysis with regression models), or Option D (computer simulation). Instructions are provided in the SPC Measurement and Verification Procedures that are available from the Utility Administrators.

1.8 Incentive Payments

Incentive payments are based upon the project’s energy savings according to the rates shown in Table 1-5 below. All incentives are paid directly to the Project Sponsor or the Customer, whichever the Project Sponsor designates on the SPC Agreement.

The Energy Savings Incentive is paid on the basis of the kWh or therms saved in one year, as per Table 1-5. For Calculated Savings the entire incentive is paid after the Installation Report is approved. For the Measured Savings Approach, the first installment of 60% is paid when the Installation Report is approved; the remainder is paid at the end of the project performance period when the Operating Report is submitted by the Project Sponsor and approved by the Utility Administrator. The Measured Savings 10% adder is paid with the first payment.

As illustrated in Table 1-5, the incentive rate depends on what category of efficiency measure is being installed (Lighting, AC&R, Motors and Other equipment, or Gas Measures). When reviewing the project application, the Utility Administrator will make sure that the Project Sponsor has designated the proper incentive category for each efficiency measure.

### Table 1-5. 2003 SPC Energy Savings Incentives

<table>
<thead>
<tr>
<th>Type of Retrofit</th>
<th>Incentive Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting (comprehensive, controls, etc.)</td>
<td>5.0¢ / kWh</td>
</tr>
<tr>
<td>Motors and Other Equipment (motors, VSDs, etc.)</td>
<td>8.0¢ / kWh</td>
</tr>
<tr>
<td>AC&amp;R</td>
<td>14.0¢ / kWh</td>
</tr>
<tr>
<td>Gas measures*</td>
<td>60.0¢ / therm</td>
</tr>
</tbody>
</table>

SPC incentives for gas savings are not available in SCE service territory.

1.8.1.2 Incentive Payment May Vary from Contracted Value Based on Performance

**Calculated Savings:** The incentive may be less than estimated in the application, if actual equipment installation or operation differs from that described in the approved application. For example, if the installed equipment or operating schedule is different from the approved application, the incentive amount must be adjusted. However, the incentive amount cannot exceed the contracted amount.

**Measured Savings:** The Energy Savings Incentive is based on actual performance and can vary between 0 and 110 percent of the contracted amount. The amount in the SPC Agreement...
includes an additional incentive amount (up to 10%) in the event that actual energy savings are higher than projected. If at the time the Installation Report is approved, the estimated energy savings are less than 70% of the original estimate, the SPC contract shall be amended to reflect the lower amount.

In some cases, the amount of the adjusted incentive could drop below the amount that was paid out at installation. In such a situation, the party who received the payment [either the Project Sponsor or Customer] is responsible for reimbursement of the difference to the Utility Administrator.

1.8.2 Incentive Limits

1.8.2.1 First Come, First Served
SPC program funds are available on a first-come, first-served basis. Incentive funds are reserved for a particular project when the project application is approved. Applications received after total funds have been committed will be placed on a waiting list in the event that more funding becomes available. Projects on a waiting list will not be carried over into the next program year. No more than 30% of a Utility Administrator’s total incentive budget will be reserved and paid for lighting measures.

1.8.2.2 Incentives from other Programs
Measures that receive incentives from other Energy Efficiency programs within the State of California (i.e. CEC, Local Programs, CPUC) are not eligible for SPC incentives. To participate in the SPC Program, the Project Sponsor and Customer certify that this project has not and will not receive any funds from any energy conservation program funded by the Public Goods Charge fund, the CEC or the CPUC.

1.8.2.3 Project Caps
The Energy Savings Incentives may not exceed 50% of the total project cost. The Measured Savings Adder, if applicable, is not used in the calculation of the 50% cap. The project cost includes the cost of audits, design, engineering, construction, equipment and materials, marketing, overhead, and labor. The cost of filling out SPC forms and conducting M&V may be included in the project cost. The Project Sponsor shall provide the project cost and a description of the cost items with their application.

1.8.2.4 Customer Caps
To help ensure available funds throughout the year, there is a cap on the SPC incentives that may be paid to individual Customers—and also to their Corporate or Government Parent, if any (i.e., a separate entity that owns the Customer organization). Table 1-6 shows the annual limits for these entities. These caps apply whether the applications are self-sponsor or third party sponsored.
Table 1-6. 2003 Annual Incentive Caps for Customers

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Customer Site</th>
<th>Corporate Parent</th>
<th>Local, County, State and Federal Government Parents*</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPC</td>
<td>$300,000</td>
<td>$1,500,000 statewide</td>
<td>$4,000,000 statewide</td>
</tr>
</tbody>
</table>

* State Government Parents include the University of California, California State University, Department of Corrections, Department of General Services, combination of the Department of Developmental Services and CalTrans, combination of the California Youth Authority and the Department of Mental Health, and all other state agencies and departments.  
Federal Government Parents include the Air Force, Army, Navy, Marines, Postal Service, General Services Administration, and all other federal agencies or departments.  
Local and County Government Parents (e.g., cities, counties, school districts, or water districts) are treated as Government Parents.

1.8.4.5 Project Sponsor Caps

There are also limits for Project Sponsors whether the projects are self sponsored or sponsored by a third party as listed in Table 1-7.

Table 1-7. 2003 Annual Incentive Caps for Project Sponsors

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Utility Affiliate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% of allocated SPC incentive funds managed by each Utility Administrator</td>
<td>15% of allocated SPC incentive funds managed by each Utility Administrator</td>
</tr>
</tbody>
</table>

* A Utility Affiliate is any person or entity which has 5% or more of its outstanding securities owned, controlled, or held with power to vote, directly or indirectly, either by a Utility Administrator, any of its subsidiaries, or by that Utility Administrator’s controlling corporation or any of its subsidiaries. A Utility Affiliate is also defined as any company in which the Utility Administrator (or its subsidiaries, its controlling corporation, or the controlling corporation’s subsidiaries) has financial interest exercised through means other than ownership. Please contact your Utility Administrator for details.

1.8.5 Payment Schedule

For Calculated Savings the incentive payment (100%) is made after the Installation Report is approved by the Utility Administrator. For Measured Savings, the first incentive payment, 60% of the anticipated total energy (kWh or therm) incentive and the M&V adder, is disbursed after the Installation Report has been approved. The second payment, the remainder of the verified energy savings incentive is paid at the conclusion of the project performance period, one or two years for Measured Savings projects. Payments will be made only after the Utility Administrator has approved the necessary paperwork (the Installation Report and Operating Report, as discussed in Sections 1.12 and 1.13 of this manual).

1.8.6 Invoicing

The Utility Administrator will calculate the incentive payment based on its review of the submitted paperwork or site inspection. The Utility Administrator will notify the Project Sponsor of the incentive payment amount upon approval of the Installation Report or Operating Report as applicable and will begin processing the incentive check. As soon as the check is processed, the Utility Administrator will mail it to the Project Sponsor or the Customer [if designed as the payee by the Project Sponsor]. If the Project Sponsor disputes the findings or the review, the Project Sponsor should notify the Utility Administrator as soon as possible. This should be done before the Project Sponsor receives the incentive payment.

1.9 How to Apply

The application process requires careful attention to detail. Incomplete or incorrect applications will be returned, so it saves time to follow instructions carefully. Project Sponsors can call their
Utility Administrator for assistance in completing their applications and to obtain answers to specific SPC questions as well. Table 1-8 lists the SPC representatives for each utility.

<table>
<thead>
<tr>
<th>Pacific Gas and Electric</th>
<th>San Diego Gas &amp; Electric</th>
<th>Southern California Edison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Angie Ong-Carrillo</td>
<td>Mr. Phil Ondler</td>
<td>SPC Program Manager</td>
</tr>
<tr>
<td>SPC Program Manager</td>
<td>San Diego Gas &amp; Electric</td>
<td>Southern California Edison</td>
</tr>
<tr>
<td>Pacific Gas and Electric</td>
<td>8335 Century Park Ct.,</td>
<td>2244 Walnut Grove Ave.,</td>
</tr>
<tr>
<td>Mail Code N6G</td>
<td>CP12C</td>
<td>Quad 4A – 416K</td>
</tr>
<tr>
<td>P.O. Box 770000</td>
<td>San Diego, CA 92123-1569</td>
<td>Rosemead, CA 91770</td>
</tr>
<tr>
<td>For overnight delivery:</td>
<td>Phone (858) 636-6836</td>
<td>Phone: (800) 736-4777</td>
</tr>
<tr>
<td>77 Beale St., Rm. 101</td>
<td>Email: <a href="mailto:pondler@semprautilities.com">pondler@semprautilities.com</a></td>
<td>(SPC Hotline)</td>
</tr>
<tr>
<td>San Francisco, CA 94105</td>
<td></td>
<td>Email: <a href="mailto:spc@sce.com">spc@sce.com</a></td>
</tr>
<tr>
<td>Phone: (415) 973-1887</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:axo1@pge.com">axo1@pge.com</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.9.1 Overview of Paperwork

To receive SPC incentives, the Project Sponsor must submit certain forms at specific project milestones:

1. **1st submittal: SPC Application**
   The application describes the project and estimates the energy savings.

2. **2nd submittal: Installation Report**
   This form is filed with the utility website after the new equipment is installed and operational. The Installation Report is the basis for the first incentive payment.

3. **3rd submittal: Operating Report (Measured Savings only)**
   Due at the end of the year-long or two year-long performance period, this form confirms that the project is still in operation as installed and provides M&V results. The Operating Report is the basis for the final incentive payment for Measured Saving.

Participants should be aware that, because the program is funded by the public goods charge and the demand-side management surcharge, SPC submittals are a matter of public record and may not be kept confidential. The estimated total project costs will be part of the public record. The Utility Administrators are not liable to any Project Sponsor, Customer, or other party as a result of any public disclosure of any submittals.

1.9.2 Paper or Electronic Forms

There are two ways to fill out the SPC paperwork:

1. **On paper**, using hardcopy forms (a) obtained from your Utility Administrator, (b) downloaded from the SPC CD-ROM, or (c) downloaded from the utility’s SPC website

2. **Electronically**, through interactive software on the SPC CD-ROM

The software version of the forms allows for easier editing and can save time in preparing multiple project applications. The software also checks to make sure that necessary information is not missing, a feature that can speed processing of your paperwork. However, the forms may
not be submitted via email. Even with the electronic forms, you will need to print out hardcopies and mail them to your Utility Administrator.

### 1.10 SPC Application

The project application (first submittal) consists of the following forms and supporting attachments:

1. Form 1, SPC Application (basic information on Customer, Project Sponsor, and project site)
2. Form 2, Savings Summary
3. Energy savings calculations showing how the energy savings were determined; a printout of the estimation software results if you use the software method; and custom calculations if you use the engineering calculation method. If possible, please provide an electronic copy of the energy savings calculations.
4. M&V plan (Submitted only after Utility Administrator determines if the Measured Savings approach is required)

#### 1.10.1 One Utility per Application

Please recall that a project must take place in a single utility service territory.

#### 1.10.2 Consult the Instructions

Although the forms have been designed to be as self-explanatory as possible, you will need to read the instructions for completing them properly. Instructions for filling out the paper forms are available in Section 3 of this SPC Procedures Manual.

#### 1.10.3 Submitting the Application

To submit an application, mail the signed original and one copy to your Utility Administrator at the address shown in Table 1-8. If you filled out the electronic form, submit a diskette along with your signed printouts. Emailed applications cannot be accepted.

#### 1.10.4 Utility Administrator Review Schedule

Utility Administrator review of a Calculated Savings application (including the site inspection) can often be completed within 10 business days. Multiple-site projects may require more time and will be reviewed only when documentation for all sites is complete.

Typically, the Utility Administrator needs to contact the Project Sponsor for additional information or clarification. The sooner the response, the sooner the application can be approved.

If the Utility Administrator determines that the Measured Savings Approach is required (see section 1.7), the Utility Administrator will advise the Project Sponsor. The Project Sponsor will then be required to develop and submit a Measurement & Verification (M&V) plan within 30 days. The application will not be approved until the M&V plan has been received and approved.

#### 1.10.5 Utility Inspection

Upon receiving a project application, the Utility Administrator will contact the Project Sponsor to schedule a pre-installation site inspection as soon as possible, usually within five business days. The purpose of this inspection is to verify that:

- The application accurately reflects the intended project.
- All existing equipment listed in the application is still operational (if not, the associated efficiency measures could become ineligible).
- Construction has not yet occurred (if field preparations for installation have begun, the project could become ineligible).

The Project Sponsor and Customer must be flexible in scheduling such inspections and provide complete access to project sites.

The inspection should be attended by a representative of the Project Sponsor, who is familiar with the project, as well as the facility manager or other responsible representative of the Customer. When electrical measurements are necessary, the Customer is required to disrupt equipment operation, open any electrical connection boxes, or connect current and power transducers, as needed. If the inspection cannot be completed in a timely manner because inspection representatives are unfamiliar with the facility or the project, the project site will fail the inspection.

If the project fails the inspection twice, the Utility Administrator may reject the application. If the Utility Administrator allows another chance, the Project Sponsor must pay the cost incurred by the Utility Administrator for conducting the additional inspection.

1.10.6 Notice of Review Results

The Utility Administrator will give the Project Sponsor written notice of the results of the inspection and overall review of the project application:

- **Approved.** The approval letter will alert the Project Sponsor that he or she will soon be receiving an official SPC Agreement (contract), which should be signed and returned within 10 business days. If the Project Sponsor does not sign and return the contract within the designated time, the Utility Administrator reserves the right to rescind the contract. A sample contract is included as Appendix A of this *SPC Procedures Manual.*

- **On Hold.** The review may be placed on hold if information was omitted or needs clarification. Upon receipt of the Project Sponsor’s response, the Utility Administrator will resume the review process. Remember, funds are limited and are not reserved until the application is approved.

- **Rejected.** An application may be rejected if it:
  --Fails inspection twice;
  --Is missing information that the Project Sponsor is unwilling or unable to provide
  --Otherwise fails to meet program criteria; or
  --Does not provide an acceptable M&V plan (Measured Savings projects only).

  If rejected, the Project Sponsor may re-apply to the program.

1.11 Project Installation

1.11.1 Wait for Approval

As a general rule, actual project implementation should not begin until after the project application has been approved. However, sometimes the Utility Administrator will allow construction to begin immediately after the pre-installation inspection. This Utility Administrator “go ahead” does not mean the application has been approved and will receive funding, but simply that proceeding with construction will not impair the application’s chances for approval. The Project Sponsor should request this notification in writing from the Utility Administrator. Verbal notification is not binding.
“Construction” includes, but is not limited to, decommissioning and/or removal of existing equipment, demolition, facility alterations to prepare for new equipment, and installation of new equipment.

### 1.11.2 June 2004 Deadline
All projects must be installed and must be fully operational by June 1, 2004.

### 1.12 Installation Report

Once the project has been installed and checked to make sure it is operating properly, the Project Sponsor submits an Installation Report (Form 3) to the Utility Administrator. This form confirms the estimated energy savings, or notes any changes to the project that were made during installation and recalculates the anticipated energy and demand savings as necessary. The Project Sponsor also attaches data and analysis from any spot metering that may have been performed before or after installation.

The Installation Report is the basis for the first incentive payment.

#### 1.12.1 Timeline
The Project Sponsor should submit the Installation Report within 30 days of equipment installation.

The Utility Administrator will typically review the form within 10 business days for Calculated Savings projects and 45 business days for Measured Savings projects. Complex and multiple-site projects take longer.

#### 1.12.2 Utility Administrator Inspection

Upon receipt of the Installation Report, the Utility Administrator will usually inspect the project site. This inspection is subject to the same provisions as the pre-installation inspection. If the inspection fails two times, the Project Sponsor must pay the cost incurred by the Utility Administrator for conducting any further inspections.

#### 1.12.3 Notice of Review Results
The Utility Administrator will provide the Project Sponsor with written notice of the results of the inspection and review. The Utility Administrator will provide the Project Sponsor with written notice of the review results. If approved, the notice will include the approved incentive amount based on the Utility Administrator’s review of the Installation Report and indicate that an incentive check is being processed.

If the Installation Report is not approved, the Project Sponsor has 30 days to resubmit a revised Installation Report providing the Utility Administrator with the requested information. Even after installation, a project may be denied incentive funds if:

- The installation is not consistent with the SPC Agreement; or
- The Project Sponsor causes unreasonable delays in scheduling an inspection; or
- The Utility Administrator must ask for clarifying information more than three times.

If an Installation Report is not approved, the Utility Administrator may terminate the SPC Agreement and release the incentive funding that had been reserved for the project.
1.12.4 First Incentive Payment
Upon approval of the Installation Report, the Utility Administrator will pay the Project Sponsor the approved incentive amount. For Calculated savings this is 100% of the Approved Energy Savings Incentive and for Measured Savings it is 60% of the Approved Energy Savings Incentive plus the 10% M&V adder. This is the final submittal for the Calculated Savings Approach.

1.13 Operating Report (Measured Savings only)
For the projects using the Measured Savings Approach, the third and final round of SPC paperwork comes at the end of the project performance period. After the new equipment has been operating for one year, the Project Sponsor submits the Operating Report (Form 4). This form confirms that the equipment is still in operation as installed or notes any changes (e.g., equipment pulled out of service or changed operating hours). The Project Sponsor should attach M&V data and analyses to the Operating Report.

1.13.1 Timeline
The Operating Report is due within 30 days following the one-year (Measured Savings) anniversary of the Utility Administrator approval of the Installation Report.

The Utility Administrator will typically finish reviewing the Operating Report within 45 business days, longer for multiple-site projects.

1.13.2 Utility Administrator Inspection
Upon receipt of the Operating Report — or at any time during the performance period — the Utility Administrator may request a site inspection, subject to the same provisions as the pre-installation inspection. Again, after two failed inspections, the Project Sponsor must reimburse the Utility Administrator for conducting any further inspections that may be granted.

If the inspection reveals that the M&V activities are different from those described in the M&V plan, the Utility Administrator may deny any further incentive payments and may request repayment of the first incentive payment.

1.13.3 Notice of Review Results
The Utility Administrator will provide the Project Sponsor with written notice of the review results. If approved, the notice will include the approved incentive amount based on the Utility Administrator’s review of the Operating Report and indicate that an incentive check is being processed.

A project may be denied further incentive funds if:

- The installation is not consistent with the SPC Agreement (fails inspection); or
- The Project Sponsor causes unreasonable delays in scheduling an inspection; or
- The Utility Administrator must ask for clarifying information more than three times.

If an Operating Report is rejected, the Utility Administrator may terminate the SPC Agreement and request that the initial payment is returned.

1.13.4 Final Incentive Payment (Measured Savings only)
Upon approval of the Operating Report, the Utility Administrator will pay the final installment of the Energy Savings Incentive (the remaining 40% or whatever adjusted amount is properly due).
For Measured Savings projects, if measurements show that the installation achieved greater energy savings than predicted, the Utility Administrator will pay up to 10% higher than the Energy Savings Incentive amount estimated on the approved project application, or 50% of the project cost, whichever is the lesser amount. Similarly, if the installation achieved lower energy savings than anticipated, the Project Sponsor will not receive the full incentive, and is responsible for returning to the Utility Administrator any overpayment that may have been made in the first installment.

1.14 Other Important Terms and Conditions

By virtue of participation in the SPC program, Customers and Project Sponsors agree to the following terms and conditions:

1. All parties consent to participate in any evaluation of the program. The California Public Utilities Commission (CPUC) or its representatives may contact participants to answer questions regarding their SPC experience and/or request a site visit. All participants agree to comply with such program evaluations.

2. Utility Administrators expressly reserve all their rights, which include, but are not limited to, the right to use others to perform or supply work of the type covered by the SPC program, as well as the unrestricted right to contract with others to perform the work or to perform any such work themselves.

3. The CPUC has decided that the utilities should continue to administer the SPC program through the end of 2003. The CPUC has not decided who will administer the program thereafter. Thus, after December 31, 2003, existing SPC Agreements might be assigned to a new Administrator. In their SPC Agreements, Project Sponsors must agree to terms and conditions allowing for such a transfer.