

# NRR-DR

## Section 2: DR Program Overview and Policies

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## 2.1 Introduction

Welcome to 2008 Nonresidential Retrofit – Demand Response (NRR-DR) program. This section describes the program and rules specific to the Demand Response (DR) portions of the umbrella NRR-DR program. The DR program provides financial incentives for the installation of equipment or control software that provide demand response. Businesses that install and utilize demand response equipment are rewarded with cash payments, based on the level of dispatchable peak load achieved.

**Administered by Utility.** The program is administered by Pacific Gas and Electric Company—and funded by utility customers

**Designed for Medium and Large Business Customers.** The program serves medium and large commercial, industrial, and agricultural customers that have a peak electric demand greater than or equal to 200 kW.

**Program Materials.** Because incentive payments are based on careful adherence to program requirements, please read the entire *Program Overview and Policies* section of the *2008 NRR-DR Procedures Manual* before starting a NRR-DR project. Additional sections of the *2008 NRR-DR Procedures Manual*— including forms and instructions — are available from your Utility Administrator both in hard copy and on CD-ROM. Most of these materials are also available on utility websites.

## 2.2 How the NRR-DR Program Works

### 2.2.1 The Main Players

The NRR-DR program involves three key entities:

1. **Customer**— The utility customer whose site or sites is implementing the demand response measure(s).
2. **Project Sponsor**— An entity that submits a project application and executes an NRR-DR 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, which provides electric services to the project site.

### 2.2.2 The Basic Process

The NRR-DR program works as follows:

1. **Application Submission.** The Project Sponsor submits an NRR-DR application to the Utility Administrator as discussed in section 2.9. The application describes the Project and estimates the incentives. The calculated Dispatchable peak demand reduction and incentive estimating approaches are discussed in Section 2.4.
2. **Application Review.** 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 dispatchable peak load and/or incentive calculation as applicable. The Utility Administrator may also require the Project Sponsor to submit a Measurement and Verification (M&V) plan, if the Utility Administrator determines at its sole discretion that an M&V process is appropriate for the proposed Project.

3. **Application Approval.** If the application is approved, incentive funding for the Project is reserved and the Project Sponsor and Utility Administrator enter into an NRR-DR Agreement that defines the dispatchable peak load and incentive payment.
4. **Project Installation.** Once the new equipment is installed and operational, the Project Sponsor submits an Installation Report. **In most cases, installation cannot begin until after the Utility Administrator approves the application and any needed baseline measurements are completed.**
5. **Installation Report Review.** Upon receipt, the Utility Administrator reviews the report and will schedule a post-installation inspection to verify completion and to perform one or more load reduction verification tests. The load reduction verification tests can be performed at the post-installation inspection or at a later date, at the discretion of both the Project Sponsor and PG&E.
6. **Incentive Payment.** Incentive payments will be made in three installments at several points in the process, including after approval of the Installation Report (IR), load reduction verification, and Demand Response Program enrollment.
7. **M&V Projects.** If a Project requires M&V, the equipment must be 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 remaining balance of the incentive based on the measured potential demand reduction, when the Utility Administrator approves the Operating Report.

Participation in the NRR-DR 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 NRR-DR Agreement. Receipt of incentive funds depends on careful adherence to program policies. In return, Customers (or otherwise indicated payee) acquire high-efficiency demand responsive equipment that will lower their energy costs.

## 2.3 Eligibility

### 2.3.1 Customer Eligibility

The DR portion of the NRR-DR program is open to all commercial, industrial and agricultural customers who: 1) receive retail electric service from PG&E, 2) have had a maximum demand greater than or equal to 200 kW within the last 12 billing months, and 3) have an existing electric meter that is capable of recording usage in 15 minute intervals and that can be read remotely by PG&E.

### 2.3.2 Project Sponsor Eligibility

Customers can self-sponsor their own Projects or Projects can be sponsored by outside parties such as energy efficiency service providers (EESPs), which include energy service companies (ESCOs), lighting installers, HVAC contractors, consulting engineers, energy management companies or other entities. Please note that the Utility Administrators do not qualify as Project Sponsors; the Customer bears full responsibility for selecting a Project Sponsor if one is desired.

## 2.4 Qualifying Demand Response Measures

The DR program accepts most demand response Projects. All Projects must meet the following criteria:

1. **Demand Response Measures Only.** All DR measures including Automation DR (AutoDR) must include the installation of new equipment or control software, subject to the review and approval of the Utility Administrator. This equipment or control software must allow the Customer to **temporarily** reduce or shift a site's on-peak load in response to a dispatch order. All incentive payments will be based on the Dispatchable On-Peak Load Reduction which is defined as existing average load that, upon request, could be temporarily reduced for the operation day's entire on-peak period or temporarily shifted from the operation day's on-peak period to the partial-peak or off-peak periods. Permanent load shifts and reductions, including but not limited to thermal energy storage are not eligible. DR Measures involving new construction, generation, cogeneration, or fuel-switching are not eligible.
2. **Demand Response Must Occur During On-Peak.** The on-peak period is defined as May 1 through October 31, Monday through Friday (excluding holidays), 12 noon to 6 p.m. The Holidays are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day or the dates on which the holidays are legally observed.
3. **Existing Interval Meter Required.** The electric equipment designated in the demand response measure must be metered by an existing electric meter that is capable of recording usage in 15 minute intervals and that can be read remotely by PG&E.
4. **Must Operate at Least Five Years.** The NRR-DR contract requires the new equipment to have a useful life of and be in operation for at least five years.
5. **Measures Cannot Overlap Other Incentive Programs such as Express Efficiency.** Measures included in applications to any other California energy efficiency rebate or demand response program, may be ineligible for NRR-DR participation. Other California end user energy efficiency programs include, but are not limited to, any program offered by or through Southern California Gas Company, Southern California Edison, Pacific Gas & Electric Company, and San Diego Gas and Electric, the California Energy Commission, and the California Public Utilities Commission, including PGC funded Local Programs. Applicants cannot receive incentives from more than one energy efficiency or demand response program for the same measures. Contact the Utility Administrator for further details.

### 2.4.1 Examples of Eligible Measures

In general, if a measure is not specifically excluded by DR rules, and the associated demand reduction can be demonstrated, then it may be eligible for the DR incentive, subject to the approval of your Utility Administrator. Table 3-1 provides an illustrative (not comprehensive) list of qualifying efficiency measures.

**Table 2-1. Examples of Eligible Measures**

<p><b>Demand Response Measure</b></p> <p><b>\$300/ Dispatchable kW for AutoDR and \$250/ Dispatchable kW up to 100 percent of the incremental DR installed cost of the measure.</b></p>	<ul style="list-style-type: none"> <li>▪ Control Software</li> <li>▪ Variable Processes or Equipment</li> <li>▪ Production Line Shut-Downs</li> <li>▪ Sub-system Shut-Downs</li> </ul>
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## 2.4.2 Summary of Ineligible Measures

Table 2-2 summarizes the types of measures that do not qualify for DR incentive funds.

**Table 2-2. Ineligible Measures**

- |   |
|---|
| <ul style="list-style-type: none"> <li>▪ Measures that are installed before the Application is approved</li> <li>▪ Measures that are unlikely to be implemented, for any reason, in response to a dispatch order</li> <li>▪ Technologies with a useful life of less than five years</li> <li>▪ Technologies where there is no installation of demand response software or equipment.</li> <li>▪ Fuel-switching measures that do not meet the Utility's three-prong test</li> <li>▪ Thermal energy storage projects</li> <li>▪ Permanent load shifts or reductions</li> <li>▪ Self-generation or cogeneration projects</li> <li>▪ New construction projects</li> </ul> |
|---|

## 2.5 Direct Savings and Multiple Measures

A DR Project must achieve significant demand reductions, subject to the following provisions:

1. **Direct Savings Only.** Only direct energy savings—not indirect energy savings due to interactive effects—count in determining a Project's energy savings. Direct savings occur as the primary purpose of the retrofit. Indirect energy savings from interactive effects are those savings that occur from other than the primary purpose of the retrofit. 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 energy savings and incentives for a lighting Project.
2. **Either Single or Multiple Measures.** A DR Project may comprise a single dispatchable peak measure (e.g., an HVAC Control System) or a variety of measures (e.g., a production line shut-down and an air conditioning reduction).

## 2.6 Aggregating Project Sites

A Project Sponsor may choose to combine individual Projects of a single customer at different sites into a single Project using one program application form. Program rules for 2008 are extremely flexible:

- The same Customer must own and/or occupy the Project sites.
- 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 M&V Process, it will be separated from the non-M&V measures on a second application for processing.
- If the same measure is applied for at different sites, they must be considered separate measures, one for each site. The measure cost must be determined for each individual site.
- Customer sites **must be in PG&E territory.**

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

## 2.7 Verification Requirements

A percentage of the actual payment will be determined after the measure has been installed and after the dispatchable on-peak load reduction for each measure has been verified through one or more load reduction demonstrations. If a Project achieves demand response and energy efficiency or if energy efficiency or a process change is to take place for the subject equipment, then the demonstration must occur after the energy efficiency or process change has taken place. The Project Sponsor may request that the load reduction demonstrations be performed in July, August, or September.

**All demand response estimates are reviewed and approved by the Utility Administrator as part of the application process. Additional information may be required to verify the inputs and variables used to determine the incentive.**

Occasionally, demand response cannot be substantiated to the satisfaction of the Utility. In these cases the Utility Administrator may require the Measured Savings approach or measurement and verification (M&V) of energy use before and up to 2 years after implementation of the demand response measure. If the Utility determines that M&V is necessary to accurately determine the dispatchable on-peak load, the Project Sponsor must prepare and submit an M&V plan to the Utility Administrator for review and approval. To help defray the M&V cost, the Applicant will then be eligible to receive an additional 10 percent of the approved incentive, not to exceed \$50,000.

## 2.8 Incentive Payments

**All incentives are paid directly to the Customer unless otherwise indicated.** Demand response measures must use a modified Calculated Approach to estimate the demand response incentive. A modified Calculated Approach determines the amount of the incentive based on the expected dispatchable on-peak load reduction. The expected dispatchable on-peak load reduction must be estimated using Project Sponsor-provided engineering calculations.

The actual incentive payment for a DR measure will be determined after the measure has been installed and after the dispatchable on-peak load reduction for each measure has been verified through one or more load reduction demonstrations. The Project Sponsor may request that the load reduction demonstrations be performed in July, August, or September.

### **Measures not requiring M&V:**

Customers that are not enrolled in a DR program at the time of the post-field will receive payment 1 after approval of the Installation Report (IR) and successful post-field, or payments 1 and 2 after approval of the IR if the post-field and load reduction demonstration are successfully completed during the same visit. Such customers will receive payment 3 if they enroll in a DR program within 6 months of receiving payments 1 and 2.

- 1) 25 percent after approval of the Installation Report (IR) and successful post-field.
- 2) 25 percent upon successful actual load reduction demonstration.
- 3) 50 percent upon enrollment in DR program that has a minimum term of 12 months. Enrollment must be within 6 months of receiving payments 1 and 2.

Customers that are enrolled in a DR program at the time of the post-field will receive payment 1 after approval of the IR and successful post-field, or payments 1, 2, and 3 after approval of the IR if the post-field and load reduction demonstration are successfully completed during the same visit.

Customers wishing to delay their load reduction demonstration until July, August, or September will delay payments 2 and 3.

### **Measures requiring M&V:**

Measures requiring M&V will be processed separately. Sixty percent of the incentive payment at each step, along with the 10 percent M&V adder (not to exceed \$50,000), is paid in accordance with the payment schedule above; 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.

Table 2-3, shows the incentive rate for eligible DR measures.

**Table 2-3. 2008 DR Energy Savings Incentive Rates**

Measure Type	Measure Category	Approach	Incentive Rate
Demand Response (DR)	Dispatchable Peak Load	Calculated	\$250 per kW reduced
AutoDR	Dispatchable Peak Load	Calculated	\$300 per kW reduced

## **2.8.1 Incentive Payment May Vary from Contracted Value Based on Performance**

*Measures not requiring M&V:* The incentive may be less than contract amount, 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.

*Measures requiring M&V:* 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 NRR-DR Agreement includes an additional incentive amount (up to 10 percent) in the event that actual energy savings are higher than projected. If at the time the Installation Report is approved, the demonstrated load reduction is estimated energy savings are less than 70 percent of either less than or greater than the contracted amount, the NRR-DR contract shall be amended to reflect an incentive amount based on the lower amount demonstrated load reduction.

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

## **2.8.2 Incentive Limits**

### **2.8.2.1 First Come, First Served**

DR 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 that do not receive funding in 2008 may be invited to re-apply under the 2009 NRR-DR program.

### **2.8.2.2 Incentives from other Programs**

Measures included in applications to any other California energy efficiency rebate or demand response program, may be ineligible for NRR-DR participation. Other California end user energy efficiency programs include, but are not limited to, any program offered by or through Southern California Gas Company, Southern California Edison, Pacific Gas & Electric Company, and San Diego Gas and Electric, the California Energy Commission, and the California Public Utilities Commission, including PGC funded Local Programs. Applicants cannot receive incentives from more than one energy efficiency or demand response program for the same measures. Contact the Utility Administrator for further details.

### **2.8.2.3 Project Caps**

The actual payment for a DR measure cannot exceed 100 percent of the incremental DR installed cost of the measure unless a specific allowance is made by PG&E that is approved by the CPUC. If a single measure contains both NRR and DR components then only the incremental costs for the demand response equipment is eligible for determination of the DR incentive. Further, if a measure has received or is to receive incentives in addition to the demand response incentive, then the total incentive for the measure cannot exceed 100 percent of the installed cost of the measure unless a specific allowance is made by PG&E that is approved by the CPUC. The M&V Adder, if applicable, is not used in the calculation of the 100 percent cap. The measure cost includes the cost of audits, design, engineering, construction, equipment and materials, marketing, overhead, and labor, on a per measure basis.

### **2.8.4 Payment Schedule**

Under the DR Calculated approach (no M&V required), 100 percent of the approved incentive amount is paid in accordance with the payment schedule outlined above.

Under the DR Measured approach (M&V required), the first incentive payment includes 60 percent of the anticipated dispatchable peak load incentive and the M&V adder is paid in accordance with the payment schedule outlined above. The remainder of the verified dispatchable peak load incentive is paid at the conclusion of the Project performance period of one or two years.

Payments will be made only after the Utility Administrator has approved the necessary paperwork (the Operating Report, as discussed in Section 2.13 of this manual).

### **2.8.5 Payment Disbursement**

The Utility Administrator will calculate the incentive payment based on its review of the submitted paperwork and the demonstrated load drop. 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 at each step of the payment schedule. As soon as the check is processed, the Utility Administrator will mail it to the Customer or the Project Sponsor/third party (if designated as the payee by the Customer). If the Project Sponsor disputes the findings of the review, the Project Sponsor should notify the Utility Administrator as soon as possible. This should be done before the Customer receives the entire incentive payment.

## 2.9 How to Apply

The application process requires careful attention to detail. Incomplete or incorrect applications will be returned. It saves time to follow instructions carefully. Project Sponsors can call the Utility Administrator for assistance in completing their applications and to obtain answers to specific NRR-DR questions. Table 2-4 lists the NRR-DR representatives for PG&E.

**Table 2-4. Utility Administrators**

<p><b>Pacific Gas and Electric</b>  <a href="http://www.pge.com/mybusiness/energysavingsrebates/">http://www.pge.com/mybusiness/energysavingsrebates/</a></p>
<p>Pacific Gas and Electric Company                  PG&amp;E Integrated Processing Center                  P.O. Box 7265                  San Francisco, CA 94120-7265</p> <p>For overnight delivery:                  PG&amp;E Integrated Processing Center                  77 Beale Street, Mail Code BOB1U                  San Francisco, CA 94105-1814</p> <p>Phone: (800) 468-4743                  energymgmtprograms@pge.com</p>

### 2.9.1 Overview of Paperwork

To receive DR incentives, the Project Sponsor must submit certain forms or applications/reports (created by the NRR-DR software) at specific project milestones:

1. **First submittal: Application Form, NRR-DR Form, NRR-DR Savings Summary, and DR Dispatchable Peak Reduction Summary**  
 The application describes the Project and estimates the dispatchable peak load. Supporting documentation and engineering calculations must accompany the application forms. Additionally, all Project costs must be outlined for each measure.
2. **Second submittal: Installation Report**  
 This form(s) is filed with the Utility after the DR equipment is installed and operational. The Utility cannot schedule an inspection without a submitted and signed IR.
3. **Third submittal: Operating Report (Project requiring the M&V process only)**  
 Due at the end of the one year or two year 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 Savings.

### 2.9.2 Paper or Electronic Forms

There are two ways to fill out the NRR-DR paperwork:

1. **On paper**, using hardcopy forms (a) obtained from your Utility Administrator, (b) downloaded from the NRR-DR CD-ROM, or (c) downloaded from the utility's NRR-DR website
2. **Electronically**, through interactive software on the NRR-DR 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 faxed or submitted via email**. Even with the electronic forms, you will need to print out hardcopies and mail them to your Utility Administrator.

## 2.10 Project Application

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

1. Incentive Application (information regarding Applicant, Project Type, and Payment)
2. NRR-DR Form (information regarding Project Site, Property Type, and Project Sponsor)
3. NRR-DR Savings Summary Form (Information regarding Energy Savings)
4. DR Dispatchable Peak Demand Reduction Form (Information regarding DR Peak Savings)
5. Energy savings calculations showing how the energy and peak 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. These calculations are required for all NRR-DR projects.
6. Completed Customer Authorization Form to release energy usage and billing information to the PG&E subcontractor who will confirm the accuracy of claims made in the incentive application.
7. M&V plan (Submitted only after Utility Administrator determines the M&V process is required).

### 2.10.1 Utility Administrator Review Schedule

Utility Administrator review of an application not requiring the M&V process (including the site inspection) can often be completed within 10 business days. Complex and multiple-site Projects may require more time and will be reviewed only when documentation is complete.

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

If the Utility Administrator determines that the M&V process is required (see Section 2.7), 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.

### 2.10.2 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 measures could become ineligible).
- DR equipment or software installation has not yet occurred

The Project Sponsor and Customer must be flexible in scheduling such inspections and provide complete access to Project sites. Pre-installation inspections are required for all Projects prior to approval unless waived by the Utility Administrator.

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 should attend the inspection. When electrical measurements are necessary, the Customer is required to disrupt equipment operation, open any electrical connection boxes, or install 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 decline the application. If the Utility Administrator allows a third inspection, the Project Sponsor must pay the cost incurred by the Utility Administrator for conducting the additional inspection.

### 2.10.3 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 the Project is acceptable under the terms of the NRR-DR program outlining the approved dispatch peak and incentive funds that will be reserved. The letter will also include an official NRR-DR 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 *NRR-DR Procedures Manual*.
- **On Hold.** The review may be placed on hold if information was omitted or further clarification is needed. 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 and a contract is signed.
- **Declined.** An application may be declined if:
  - the Project fails inspection twice;
  - the application is missing information that the Project Sponsor is unwilling or unable to provide;
  - the existing equipment has been removed prior to inspection;
  - the Project otherwise fails to meet program criteria; or
  - the application does not include an acceptable M&V plan (M&V process Projects only).

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

## 2.11 Project Installation

### 2.11.1 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, at their discretion, may allow Installation 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.

### **2.11.2 June 1<sup>st</sup> 2009 Deadline**

All Projects must be installed and must be fully operational by June 1, 2009.

## **2.12 Installation Report**

Once the Project has been installed and the demand response equipment is functional, the Project Sponsor submits an Installation Report (second submittal) to the Utility Administrator. This submittal either: 1) confirms the original estimated dispatchable peak load; or 2) notes any changes that were made during installation and recalculates the estimated dispatchable peak load. The Project Sponsor should attach any data or analysis from spot metering that may have been performed before or after installation.

### **2.12.1 Timeline**

The Project Sponsor should submit the Installation Report within 14 days of equipment installation.

The Utility Administrator will typically review the form within 10 business days for non-M&V Projects and 45 business days for M&V Projects. Complex and multiple-site Projects may take longer.

### **2.12.2 Utility Administrator Inspection and Demand Reduction Demonstration**

Upon receipt of the Installation Report, the Utility Administrator will schedule a post-installation inspection of the Project site. This inspection is subject to the same provisions as the pre-installation inspection. During the inspection, one or more load reduction demonstrations will be necessary. The load reduction demonstration(s) will require that the electricity to the demand response equipment be cycled (temporarily reduced or removed) as if in response to a dispatch order. This procedure may have to be repeated several times. The Project Sponsor may request that the load reduction demonstrations be performed in July, August, or September. If the inspection fails two times, the Project Sponsor must pay the cost incurred by the Utility Administrator for conducting any further inspections.

### **2.12.3 Notice of Review Results**

The Utility Administrator will provide the Project Sponsor with written notice of the results of the inspection and review, typically within 14 days of receipt of the Installation Report. If approved, the notice will include the approved incentive amount based on the demonstrated load reduction 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 NRR-DR 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 NRR-DR Agreement and release the incentive funding that had been reserved for the Project.**

### **2.12.4. Installation Deadline**

The deadline for Project installation of all 2008 Projects is June 1, 2009. Any Projects not installed by this date will be dropped from the program, unless another agreement is made prior to this deadline and the Project Sponsor receives a written extension from the Utility Administrator.

## 2.13 Operating Report (Measured Savings only)

For the Projects requiring Measurement & Verification (M&V), the third and final paperwork submittal comes at the end of the Project performance period. After the DR equipment has been operating for one year, the Project Sponsor submits the Operating Report (Form 4). This form confirms that the DR 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.

### 2.13.1 Timeline

The Operating Report is due within 30 days following the one-year anniversary of the Utility Administrator's approval of the Installation Report.

The Utility Administrator will typically finish reviewing the Operating Report within 45 business days; the process will take longer for complex and multiple-site Projects.

### 2.13.2 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. During the inspection, one or more load reduction demonstrations may be necessary. The load reduction demonstration(s) will require that the electricity to the demand response equipment be cycled (temporarily reduced or removed) as if in response to a dispatch order. This procedure may have to be repeated several times. The Project Sponsor may request that the load reduction demonstrations be performed in July, August, or September. If there are 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.

### 2.13.3 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 NRR-DR 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 declined, the Utility Administrator may terminate the NRR-DR Agreement and request that the initial payment is returned.

### **2.13.4 Final Incentive Payment (Projects requiring the M&V process)**

Upon approval of the Operating Report, the Utility Administrator will pay the final installment of the DR Incentive (the remaining 40 percent or the properly adjusted amount).

If measurements show that the installation achieved greater dispatchable peak than predicted, the Utility Administrator will pay up to 10 percent higher than the Energy Savings Incentive amount estimated on the approved Project application, or 100 percent of the measure cost, whichever is the lesser amount. Similarly, if the installation achieved lower dispatchable peak load 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.

## **2.14 Other Important Terms and Conditions**

By virtue of participation in the NRR-DR 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 NRR-DR 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 NRR-DR program, as well as the unrestricted right to contract with others to perform the work or to perform any such work themselves.

The CPUC has decided that the utilities should continue to administer the NRR-DR program through the end of 2008. The CPUC has not decided who will administer the program thereafter. Thus, after December 31, 2008, existing NRR-DR Agreements might be assigned to a new Administrator. In their NRR-DR Agreements, Project Sponsors must agree to terms and conditions allowing for such a transfer.

### **Notice of Public Record**

Participants should be aware that, because the program is partially funded by the public goods charge and the demand-side management surcharge, NRR-DR 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.

### **Change in Sponsorship**

If a change in sponsorship occurs after the application is submitted, a new incentive application and NRR-DR form #1 is required. Please indicate the change request in writing, and resubmit the required forms. Written notification is also required from the sponsor. If written notification is not possible, (i.e. the sponsor is no longer in business or non-responsive) the customer must submit a letter in writing requesting termination of the sponsor to act on their behalf.

### **Contract Termination**

NRR-DR contracts may be terminated under the following conditions:

- The Project fails to be installed prior to the June 1, 2009 deadline.
- The Project sponsor formally requests withdrawal from the program, or requests the contract to be turned over to the customer.

For more information see the sample agreement in Appendix A.