

## **Electric Standard Offer Program**

### **Procedure No. 360-6**

#### **Addition of New Host Facilities and Energy Savings Measures**

##### **1. Purpose:**

To clarify PSE&G's procedure when a Seller proposes to add or replace Host Facilities and or Energy Savings Measures (ESMs) to an existing Standard Offer Project.

##### **2. Description:**

A Seller must incur Replacement Capacity Costs for a Standard Offer Project before they are allowed to add additional Host Facilities or install additional Energy Saving Measures (ESMs) at existing Host Facilities. The Seller may do this as means of mitigating "the imposition of Replacement Capacity Costs for subsequent Summer Prime Periods". The Seller will maintain its obligation to pay outstanding Replacement Capacity Costs.

The Seller may add Host Facilities or ESMs up to the amount necessary to allow for 100% of the Seller's original Project Commitment to be achieved. Given that added Host Facilities and or replacement Host Facilities are only allowed as a means to mitigate Replacement Capacity Costs, the total Project's savings, for which payments will be based, will remain in accordance with the energy savings expected from the original Project. PSE&G will maintain its payment obligation to pay up to 110% of the original Project commitment. Energy Savings achieved in excess of 110% of the Project commitment will be paid at Energy Only rates.

Additional Host Facilities and ESMs that the Seller proposes to add to a Project must be consistent with the specifications in the most recent Standard Offer No., the Project Proposal, and the requirements of the Agreement. The new ESMs should be of the same type (Lighting, Other Measures, or Fuel Switch) as those found in the original Project Proposal. Projects that have a combination of two or three of these ESM types would be eligible to add ESMs of any of the types found in the original project. A complete Monitoring and Verification plan will be required for new Host Facilities and ESMs.

New Host Facilities that are added to existing projects that have multiple DOCO dates will have a term based on the earliest Date Of Commercial Operation (DOCO) for that Project. For example, the Host Facility with the earliest DOCO within a Project has a DOCO of July 1, 1996. For the same Project, any Host Facilities that are added later pursuant to this Procedure will have a DOCO of July 1, 1996 as well. In cases where an existing facility belonging to a project is to be replaced entirely with another facility, the DOCO for the new facility will be the same as that of the facility that is being replaced (provided that the replacement is in accordance with requirements noted above). The term for replacement facility energy savings will be limited to the number of years remaining in the term for the facility that is being replaced provided it that it does not

exceed the eligible term length for the ESM type (lighting ESMs are limited to a maximum term of 10 years).

Pre Implementation, Implementation, and Post Implementation audits will be conducted for new Host Facilities and ESMs to verify the energy savings.

All new Host Facilities and ESMs are subject to final approval by PSE&G on a case by case basis.

### **3. Seller Responsibilities:**

The Seller must notify PSE&G in writing of their proposal to add new Host Facilities and ESMs to an existing Standard Offer Project. The Sponsor should submit an account of the Project's performance for the last full calendar year with the quantified deficiency clearly noted. The Seller should also provide a written account of the cause(s) attributed to the Projects under performance.

The Seller will pay in full any outstanding Replacement Capacity Costs as determined by PSE&G.

The Seller must submit a detailed account of the proposed new Host Facilities and ESMs that are to be added. The information should be consistent with that which would be submitted to PSE&G if the new Host Facilities and ESMs were part of the original Project Proposal. This includes a complete M&V plan.

The Seller will coordinate with PSE&G to schedule Pre Implementation, Implementation, and Post Implementation Audits.

The Seller may not invoice for Energy Savings for new Host Facilities and ESMs until PSE&G has given written approval to do so.

### **4. PSE&G Responsibilities:**

PSE&G will verify the Seller's Project performance over the last calendar year. If it is determined that Replacement Capacity Costs are due by the Seller, then PSE&G will proceed with its review of the Seller's proposal to add new Host Facilities and ESMs. If the Seller has incurred no Replacement Capacity Costs, no new Host Facilities or ESMs will be accepted. The Seller will be notified within 14 days as to the acceptance or rejection of the proposal.

Once the Seller's proposal has been accepted, PSE&G will verify that the new Host Facilities or ESMs are consistent with the specifications in the most recent Standard Offer No., the Project Proposal, and the requirements of the Agreement. PSE&G will verify that new ESMs are of the same type as those found in the original Project Proposal. Monitoring and Verification plans that are submitted for new Host Facilities and ESMs will be reviewed to ensure that they are in accordance with a Board-approved Measurement and Verification Protocol.

PSE&G will contact the Seller to schedule Pre Implementation, Implementation, and Post Implementation Audits.

Based on review of the Sellers proposal and the field audit results, PSE&G will respond in writing within 14 days of the last field audit date. PSE&G's response will indicate the date from which the Seller may begin to invoice for energy savings achieved from the new Host Facilities and ESMs.

**5. Standard Offer Agreement Reference:**

Standard Offer No. 2

Article III Purchase Price and Payment Conditions

Section 3.05 *Replacement Capacity Cost:*

“While not relieving Seller of its obligation to make payment to PSE&G of Replacement Capacity Costs as provided in this Section 3.05, if Seller’s Performance Factor for the respective current Calendar Year is below eighty percent (80%), Seller may add additional Host Facilities and/or cause additional Energy Savings Measures to be installed at existing Host Facilities to mitigate the imposition of Replacement Capacity Costs during any subsequent Summer Prime Period. Any such additional Host and/or Energy Savings Measures must conform to and be consistent with the specifications in the Standard Offer and the requirements of this Agreement.”

\*Note that there is a slight variation in the wording for Standard Offer No. 1. The last sentence in the same section states:

"Any such additional Host Facilities and/or Energy Savings Measures must conform to and be consistent with the specifications in the most recent Standard Offer No., the Project Proposal, and the requirements of this Agreement."

**Approved By:** \_\_\_\_\_ **Date:** \_\_\_\_\_

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