

NextZero Commercial & Industrial Custom Retrofit Program

Primary Objectives

MMWEC's NextZero Program assists Massachusetts municipal utilities in developing and delivering energy efficiency (EE) services to their commercial and industrial customers.

- Help commercial and industrial business to identify and implement energy efficiency (EE) projects in existing commercial, industrial, governmental, institutional and multifamily (5+ unit) buildings.
- Assist **Chicopee Electric Light (CEL)** customers to reduce operating costs by incentivizing the identification and installation of EE measures.

Program Summary/Design

The retrofit program will be administered through a controlled process whereby customers submit an application to be enrolled into the program. Once the application is received, **CEL** will work with the customer and their preferred contractors to fully define work scopes for the recommended projects including a cost effectiveness evaluation based on estimated annual energy savings. Incentives available through the **CEL** program are based on the energy savings estimated to result from project implementation. It is the responsibility of the customer to implement the measures of their choosing, at which time **CEL** will conduct a post installation inspection prior to issuing the incentive.

Below is a detailed summary of the program that describes the entire process from the moment an application is received to final delivery of the grant from **CEL**.

1. **Project Eligibility:** Equipment must be new and installed in a commercial, industrial, institutional, educational, or municipal building, or in common systems/structures areas of a multi-family building (5+ units) in the service territory of **CEL**.
2. **Application Submitted:** The applicant or their contractor should complete the Commercial & Industrial NextZero Program application form available on the **CEL or NextZero** website in its entirety and return it to the program administrator by any of the methods listed. **CEL** will review the application for completeness including technical specifications for equipment proposed and itemized cost quotations. On-bill financing is available for qualifying projects. See details below.
3. **Initial Phone Consultation:** **CEL's** program administrator will contact the applicant by phone to review the application and better understand the specific goals and interests of the applicant. Projects are expected to follow one of two general paths, as follows:

"Fast Track": Applicant has identified a specific project they intend to move forward with and wish to determine incentive eligibility through the program. This is the so called "fast track" project path.

General Energy Efficiency: Applicant is interested in gaining assistance to identify cost effective energy efficiency opportunities at their facility and subsequently determining incentive eligibility and studying measure cost effectiveness. Applicant may or may not have targeted specific projects.
4. **Specific Project(s) Path:** The applicant will be asked to provide the following documentation for the projects they are considering. If needed, **CEL** can provide technical assistance to support the applicant. The documentation provided by the applicant will serve as the basis for **CEL's** review. Required documentation includes but is not necessarily limited to:
 - ✓ Description of project scope.
 - ✓ Inventory of existing fixtures/systems being replaced.
 - ✓ Inventory and technical specifications for proposed equipment.
 - ✓ Project cost estimates, for labor and material separately.
 - ✓ Additional operating information is needed to evaluate energy savings (i.e., annual run hours for lighting projects).

Program
Summary/Design
Continued

- a. **Technical Review:** CEL's program administrator will prepare a technical review of the information provided which may or may not include an on-site inspection. There is no charge for this service. A review letter will be provided that presents estimated energy savings, incentive eligibility, project cost effectiveness (simple payback) and the next steps. The letter will include an Intention to Proceed (ITP) where the customer commits to the project and indicates whether or not they will take advantage of the on-bill financing program.
5. **General Energy Efficiency Path:** Applicants that are not interested solely in specific pre-determined projects may follow the general energy efficiency path which is designed to help identify and develop cost effective energy efficiency projects. This process is conducted in two parts. First is a Level One (scoping) audit of the facility to identify potential measures that merit further study. Second is the targeted study and development of measures. Both are more fully discussed below:
 - a. **Level One (Scoping) Energy Audit:** Shortly after the initial phone consultation, the program administrator will coordinate a time and date to conduct a walkthrough audit of the facility. The walkthrough will take between 1-3 hours depending on the size and complexity of the facility and is intended solely to gain an initial understanding of how energy is utilized and to identify *potentially* cost-effective projects. Level one audits include minimal engineering analysis and cost estimation. A brief letter report will be issued documenting the findings and discussing next steps.
 - b. **Technical Review:** If the business decides to move forward with any EE projects identified in the free Level One energy audit, further specification of the project scope, cost, and energy savings is necessary for CEL to complete a technical review and identify incentive eligibility. Applicants may obtain formal vendor quotes on their own, or CEL can provide 50% co-funded technical assistance to help specify project scopes, obtain vendor quotes, and calculate energy savings. When the project information is compiled, CEL's program administrator will complete a technical review of the project. A review letter will be provided that presents estimated energy savings, incentive eligibility, project cost effectiveness (simple payback) and the next steps. The letter will include an Intention to Proceed (ITP) where the customer commits to the project and indicates whether or not they will take advantage of the on-bill financing program.
6. **CEL Commits Funds:** CEL commits funds to EE projects according to the annual electricity savings of the particular project(s). The annual electricity savings resulting from the implementation of EE measures are calculated through the technical review process as described above.
7. **Customer Returns ITP:** The customer has 30 days from issuance of the review letter to sign and return the ITP. Upon receipt of the completed ITP, CEL will issue the Terms & Conditions (T&C) as well as a Memorandum of Understanding (MOU) regarding the rebate and/or on-bill financing. Once CEL receives the signed T&C & MOU, the business will have 180 days to complete installation of the energy efficiency (EE) project. If the T&C & MOU are not returned within 30 days or if the EE project is not installed within 180 days of returning the T&C & MOU, committed funds will be forfeited by the business and returned to the incentive pool. Businesses have the option of reapplying to the program if deadlines are missed; however, the availability of funds may result in a reduced commitment from CEL.
8. **Customer Funds Installation of Project:** For each EE project to which CEL funds have been committed, it is the responsibility of the business to fund the installation of these projects in their entirety within 180 days of returning the signed TC & MOU. Funds committed by CEL will be released to the business after a successful post installation inspection.

<p>Program Summary/Design Continued</p>	<p>9. <u>Post Installation Inspection</u>: After each EE project has been installed and is operational, the business will notify CEL by phone or e-mail. The program administrator will schedule a post installation inspection of the facility to ensure the scope of work, as defined in the technical review, did not change. CEL will also collect final invoices from the contractor who installed the project. A business is not required to proceed with the contractor who supplies the original quote however if the final project cost or energy savings change in response to a modified scope of work, CEL retains the right to reassess committed incentive amounts according to the MOU discussed in Section 7.</p> <p>10. <u>Rebate Issued</u>: A rebate in the amount listed by the formal grant offer will be issued to the business after a successful post installation inspection.</p>
<p>Target Market</p>	<p>All non-residential customers – commercial, industrial, governmental, and institutional. Multi-family (5+ units) building owners are eligible to participate in this program; however, the program will only cover common areas and shared systems/structures in multi-family buildings. Individual residences in a multi- family building are not eligible to participate in the program</p>
<p>Target End Uses</p>	<p>Target end uses include, but are not limited to lighting and lighting controls, motors and drives, HVAC equipment, energy management systems, compressed air, additional unique industrial processes, and site-specific custom measures that result in electrical savings.</p>
<p>Financial Incentives**</p>	<p>The program features two types of financial assistance, in the form of incentives and on-bill financing. Incentives are one-time payments to help reduce project costs and do not have to be re-paid. Financing is also available for approved projects under \$25,000. For projects involving financing, CEL will issue a one-time payment to the customer <u>upon successful post installation inspection</u>; the financed amount is then repaid to CEL through payments on the customer's bill for a period of time.</p> <p>Incentives:</p> <ul style="list-style-type: none"> • For projects that do NOT receive financing through CEL, incentives are limited to \$0.17 per annual saved kWh not to exceed 50% of total project costs. • For projects that receive financing through CEL, incentives are limited to \$0.17 per annual saved kWh not to exceed 30% of total project costs. • Incentives are capped at a maximum of up to a combined \$25,000 per business, per calendar year, across all NextZero Business Programs offered by CEL. Customers with total energy usage of over 1.5 million kWh are eligible for combined rebates up to \$50,000 per year. • Incentives will not be offered if such an incentive reduces the simple payback to less than one year. <p>Financing:</p> <ul style="list-style-type: none"> • Zero interest financing is available through CEL for projects up to \$25,000 in total cost. Terms are negotiated based on anticipated cash flow from project implementation. <p>**CEL retains full and complete discretion over all incentive and financing offers.</p>
<p>Delivery Mechanism</p>	<p>Installation of measures may be conducted by any qualified contractors selected by the customer. Energy audits and technical reviews will be conducted by a pre-selected engineering firm with whom CEL has a standing relationship</p>