

2018 Statewide Customized Offering Procedures Manual for Business

Program Administrators:

**Pacific Gas and Electric Company
Southern California Edison Company
Southern California Gas Company
San Diego Gas & Electric Company**

The 2018 Customized Offering, or the program, (formerly known as “The 2017 Customized Offering”) is a statewide energy efficiency program administered by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SCG), and San Diego Gas & Electric Company (SDG&E) (collectively, the Program Administrators or PAs) in their respective service territories. The program rules, incentive rates, incentive limits, and requirements are similar for all four PAs. The program packaging and individual offerings may vary among the PAs.

Subject to all applicable federal, state, and local laws, and California Public Utilities Commission (CPUC) rulings, the PAs reserve the right to approve or reject project applications for the Program.

Customized Offering Overview and Policies

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1.1 Introduction

The 2018 Statewide Customized Offering, or the program, provides financial incentives to qualifying non-residential customers for the permanent installation of new high-efficiency equipment or permanent operational improvement of existing equipment and systems. The financial incentive is provided to influence and enable customers to implement energy efficiency projects, or measures that would otherwise not be implemented. The program offerings are not intended for customers who would have installed the measure(s) without the program influence, for negligent or deferred maintenance practice, or as a reward for established practices.

Incentives are paid on the energy savings and permanent peak demand reductions above and beyond a baseline energy performance, which include state-mandated codes, federal-mandated codes, industry-accepted performance standards, or other baseline energy performance standards as determined by the PA. Incentives for gas-related energy savings are not eligible in Southern California Edison electric service territory; incentives for electric-related energy savings are not eligible in Southern California Gas Company natural gas service territory. Non-Residential customers who wish to receive incentives must submit a project application for eligible energy efficiency measure(s) through the Statewide Customized Offering. Third Party programs following the Customized Offering generally follow the program eligibility requirements and rules described in this manual. Individual third-party programs may utilize a different application process and have additional requirements. The specific terms and conditions of each program govern that program, and to the extent that specific program terms and conditions

Program enrollment began in January 2018 (see individual PA website for specific dates). Applications for the 2018 enrollment period are accepted until December 31, 2018 or until the PA's funds for the offering are fully committed. Policies and procedures described in this manual are effective as of the individual PA's program launch date. Changes to incentives and policies may occur during this cycle without prior notice. If such a change does occur, a new version of this document will be issued and will supersede all previous versions. Updated manuals may include changes to measures (including discontinuation), effective dates, and terms and conditions.

Offering Materials. Incentive payments are based on adherence to offering requirements. Please read the entire manual before starting a customized project. In order for measures to be eligible for incentives, existing equipment cannot be removed, and new equipment cannot be ordered prior to receiving project approval from the PA.

Changes for Version 3 of the 2018 manual. Refer to Table 1-1 below for a list of specific Customized Offering changes for 2018.

Table 1-1. What's New

- **Update to kW, kWh, and Therm incentives in Table 1-2, 1-9, and 1-10.**

1.2 How the Statewide Customized Offering Works

1.2.1 The Main Players

The Statewide Customized Offering involves the following key parties:

- **Customer** — an eligible non-residential ratepayer who is applying for incentives through the Statewide Customized Offering.
- **Project Sponsor (Applicant)** — an entity that is authorized to enter into a Project Agreement with a Program Administrator. The Project Sponsor is responsible for ensuring all the required paperwork is submitted correctly and the project has been completed.

For PG&E, SCE, and SDG&E, customers can serve as their own Project Sponsor, i.e. “self-sponsor,” or they may elect to have a third party enter into the agreement on their behalf.

For SCE, a third party who enters into the agreement on the customer’s behalf is known as a Trade Professional (formerly Customers’ Authorized Agent). All Trade Professionals are required to complete a participation agreement and a series of trainings prior to being eligible to submit an incentive application.

For SCG, the customer always acts as the Project Sponsor.

- **Program Administrator (PA)** — PG&E, SDG&E, SCE, or SCG – Whichever provides natural gas and/or electric services to the Customer Project Site.
- **(Optional) Qualified Provider** – an entity that, at the PA’s discretion, is authorized by the PA to deliver services such as customized and/or retrocommissioning investigations and calculations. If authorized by a PA, the PA and Qualified Provider may establish additional eligibility criteria. See Section 1.4: Project Eligibility for details.

1.2.2 The Basic Process

Each activity described below must be completed before the following activity may begin:

- **Communication.** An Applicant contacts an account manager to discuss measures or potential project based on previously documented influence by the PA. Projects that are not influenced by the PA are not eligible for incentives.
- **Early Screening Document (SCE only).** The applicant submits an early screening document (ESD) prior to Application Submission. The ESD process was developed to screen for measure level eligibility and influence on a project by project basis. The goal of the ESD is to improve the customer experience and to continue to reduce the time it takes to review and approve projects at Application Review. For more information, go to: <https://sceonlineapp.com>.
- **Application Submission.** The Applicant submits an application package to the PA. The application package includes details such as energy use and installation costs for baseline and proposed equipment, a proposed Measurement and Verification (M&V) plan to verify savings, and other supporting documentation as deemed necessary by the PA. SCE has an automated application system. For more information, go to: <https://sceonlineapp.com>.
- **Application Review.** The PA assigns a Reviewer to evaluate the application and conduct a pre-installation site inspection. The Reviewer evaluates the submitted energy savings, incentive calculations, and M&V plan, and makes revisions, if necessary. On the first and third Monday of every month, new project applications are submitted to the Energy Division staff of the CPUC (Energy Division or ED). The ED randomly selects projects to review in parallel with the Program Administrator. If a project is selected for review, the project review timeline, project energy savings, and/or incentive may be impacted. Projects that are selected for review by the

ED may experience additional delays before a decision is made to approve, modify, or reject the application.

In order to be eligible for incentives, equipment may not be ordered, purchased, or installed before the PA has provided a written notice to proceed. Approval to preorder long-lead-time equipment may be granted, in writing, by the PA before the Application Review and Application Approval is complete by exception at the PA's sole discretion. A notice to proceed request should be accompanied by legitimate business case documentation as CPUC pre-approval may be required. Contact each individual PA for more information.

- **Application Approval.** Once the project review has been completed and approved, in writing, by the PA, the PA and the Applicant will then enter into a Project Agreement that sets forth the estimated energy savings and incentive payment. Funding for the project is not reserved until a Project Agreement/Customer Incentive Reservation has been approved, in writing, by the PA.
- SCE's Calculated program (Customized and BRO/Retrocommissioning) reserves funds for 12 months from the application approval date (Local Government Partnership and Third Party programs may have different reservation timelines). If a project requires more than 12 months to complete installation and submit the Installation Report (IR), please work with an account representative to request a project extension. Extensions are not guaranteed and will be reviewed and approved on a project-by-project basis, at SCE's sole discretion, and must be requested at least x days before the project due date expires, and may not be requested if project installation has not begun. All project financing should be completed prior to or by application submission. SCE will not approve an incentive application as a placeholder for another application that is expiring or if a program is at risk of funds being exhausted. All extension requests should be accompanied by a business justification.
 - SCE reserves the right to cease making incentive payment(s), require the return of the total or prorated incentive payment(s) and/or terminate the incentive Agreement if the project is not completely installed and fully operational by the end of the reservation period, unless an extension is granted, in writing, by SCE.
 - More information on SCE's BRO/Retrocommissioning program is available under the Resources tab at: <https://sceonlineapp.com>.
- **Project Installation.**

After the Applicant has received written approval, the Applicant may initiate installation, which includes ordering equipment, purchasing equipment, demolition, installation, and commissioning. **After all project measures have been installed and commissioned and are considered fully operational,** the Applicant must notify the PA as follows:

 - For SCE: the Applicant submits a signed Installation Report¹, invoices and required supporting documentation. Permit information and contractor certification is required on the Installation Report for HVAC work requiring a permit, and mounting heights (above finished grade) and controls if installed must be included on all exterior lighting projects.
 - For SDG&E: the Applicant submits a signed Installation Report and invoices. The Applicant certifies that all applicable permitting requirements have been met. SDG&E participants can locate the invoice template and Installation report at:

¹ An Installation Report is a utility specific document that must be completed in full and submitted with all required documentation after a custom project has been completed, and the post-inspection is being requested.

The Installation Report is sent by the utility as part of a packet that reserves the project incentive after approving the energy efficiency upgrade for ordering, purchase, installation, and commissioning.

<https://www.sdge.com/businesses/savings-center/rebates-incentives/incentives>

- For PG&E: the Applicant notifies the PA in writing and submits invoices and required permit/license certification form(s).
- For SCG: the Applicant notifies the Account Executive.
- **Installation Review.** Upon receipt of the Installation Report (SCE and SDG&E), or Installation notification (PG&E and SCG), the PA will evaluate the submitted package and if necessary, conduct a post-installation inspection to verify project installation and ensure the scope of work was not altered from the approved project application. Changes to the project scope of work will not be eligible for incentives without receiving written consent from the PA prior to the completion of work.
- **Incentive Payment.** Upon the PA's approval of the Installation Review/Report, the indicated Payee receives the incentive payment. On the first and third Monday of every month, the CPUC's Energy Division selects projects to review prior to the project installation phase. If a project is selected for review, the project review timeline, project energy savings, and/or incentive may be impacted. Projects that are selected for review by the Energy Division may have additional delays.

1.3 Eligibility for Participation

1.3.1 Customer Eligibility

The Statewide Customized Offering is open to all non-residential customers who (1) receive natural gas and/or electric services from PG&E, SCE, SCG, or SDG&E, and (2) pay the Public Purpose Program (PPP) surcharge on the gas or electric meter on which the energy efficient equipment is proposed.

Customers receiving service from two of the PAs are generally eligible provided they meet the above two criteria. Such customers should inform the PAs early in the application process to avoid delays.

1.3.2 Project Sponsor and Authorized Agent Eligibility

Customers may self-sponsor their own projects or projects can be sponsored by outside parties such as energy efficiency service providers, including energy service companies (ESCOs), Trade Professionals such as lighting installers or HVAC contractors, consulting engineers, energy management companies, or other entities. **The PAs do not qualify Project Sponsors or Authorized Agents; the Customer bears full responsibility for selecting a Project Sponsor or Authorized Agent if one is desired. For SCG only: The customer always acts as the Project Sponsor.**

1.4 Project Eligibility

In order for the project to be eligible for the Statewide Customized Offering it must meet the following criteria:

1. Any existing equipment required to establish the project baseline must be available for inspection.
2. New equipment/systems cannot be ordered, purchased or installed before written authorization has been issued by the PA. Measure implementation cannot begin until the PA has approved the project.²
3. When any energy supplier other than a PA is involved (includes solar and self-generation), incentives are paid based only on the energy savings that are reflected on the electric grid or natural gas system. Non-IOU supply, such as cogeneration or deliverables from another commodity supplier, may not qualify as usage from the PA (with the exception of Direct Access customers, customers paying departing load fees for which the utility collects PPP surcharges, or certain federal facilities). Please contact your PA for further details. Additional information may be requested from the customer.
4. Projects in SCE and PG&E territories must achieve a minimum level of energy and/or peak savings.³ This threshold is determined based on the total project incentive as follows:

PG&E – Project incentive must be greater than or equal to \$5,000.

SCE – Customized project incentives must be greater than or equal to \$2,200.

In cases where PAs provide additional services from a Qualified Provider outside the scope of this manual, the PAs reserve the right to impose additional requirements on a project. For example, PAs may opt to provide comprehensive auditing services at reduced cost; in exchange for those services, customers may be required to implement any reasonable measure below an agreed upon payback threshold. Such terms will be discussed separately and are out of scope of this manual.

Under special circumstances, the PA, at its sole discretion, may waive certain project eligibility conditions, but any such waiver must be in writing.

² The format of an official project approval varies between PAs. In some cases a signed agreement or contract is required; in some cases a written authorization to proceed is sufficient. Please contact the PA for details.

³ SDG&E and SCG projects are not subject to this requirement.

1.5 Qualifying Energy Efficiency Measures

The Statewide Customized Offering accepts a wide variety of energy-saving projects. All measures must meet the following criteria:

1. **Must Exceed Baseline Energy Performance.** Incentives are paid on the energy savings and demand reduction above and beyond baseline energy performance, which include state-mandated codes, federal-mandated codes, industry-accepted performance standards, existing baselines, or other baseline energy performance standards as determined by the PA. Baseline is determined by the Measure Type.
2. **Must Operate at Least Five Years.** Measures that will not provide the PA with 100% of the related energy benefits for at least five (5) years from receipt of incentive are generally ineligible. PAs may allow selected measures with less than five years of operation at their sole discretion.
3. **Must Be Permanently Installed.** Measures that are not permanently installed, or can be easily removed as determined by the PA, are generally ineligible for incentives.
4. **Cannot Overlap with Other Incentive Programs.** Customer may not apply to more than one California energy efficiency incentive or rebate program for the same measure or receive incentives from more than one such program for any measure. Gas and Electric components of a measure should be considered separately. Other California end-user energy efficiency programs include, but are not limited to: any program offered by or through PG&E, SCE, SCG, SDG&E; the California Energy Commission (CEC); and CPUC, including PPP funded local programs, third-party programs, or local government partnerships. This includes both upstream and midstream programs, which provide incentives to manufacturers and distributors. Contact the PA for additional details.
5. **Existing Equipment Must Be Decommissioned and Removed.** Existing equipment must be decommissioned and removed from site prior to Installation Review approval. Decommissioned equipment cannot be reused, resold, or retained for backup purposes without PA pre-approval. In those cases, additional documentation or verification may be required.
6. **No Equivalent Deemed/Express Offering Exists.** Customized incentives are only available when the measure is not offered through a Deemed (including upstream and midstream) or Express rebate program. Measures that have an equivalent Deemed incentive, but where the Customer cannot meet all Deemed measure eligibility requirements, are not eligible for Customized incentives.

1.5.1 Examples of Eligible Measures

If a measure is not specifically excluded by the eligibility conditions and the Applicant can provide documentation supporting energy savings beyond baseline energy performance standards, it may be eligible for Statewide Customized Offering incentives (subject to the PA's approval). Table 1-2 provides the incentive rates for the list of qualifying efficiency measures (not a comprehensive list) shown in Table 1-3. Please note that the category of a given measure determines the incentive rate that will be paid (see Section 1.10 of this manual).

Measures are classified as to-code, above-code, and BRO/retrocommissioning. If a proposed measure is not identified in Table 1-2 or Table 1-3, obtain approval from the PA to determine the measure incentive. Individual PAs may classify technologies differently. These differences are noted in **Bold** in Table 1-3. Table 1-4 shows examples of eligible BRO/retrocommissioning measures.

Table 1-2. 2018 Incentives by Measure Type

MEASURE	INCENTIVE
TO CODE/standard practice	\$.06 / kWh (SDG&E, PG&E, SCE) \$75/kW (SDG&E, PG&E) \$150/kW (SCE) \$0.50/ therm (SDG&E/PG&E) \$0.75/therm (SCG)
ABOVE CODE/standard practice	\$.12 / kWh (SDG&E, PG&E, SCE) \$150/kW (SDG&E, PG&E, SCE) \$1.25/therm (SDG&E/PG&E) \$1.50/therm (SCG)
BRO/Retrocommissioning	\$.06 / kWh (SDG&E, PG&E, SCE) \$75/kW (SDG&E/PG&E) \$150/kW (SCE) \$0.50/therm (SDG&E/PG&E) \$0.75/therm (SCG)

Table 1-3. Examples of Eligible Custom Measures (subject to PA approval)

Lighting Measures	<ul style="list-style-type: none"> ▪ LED products on the statewide Qualified Products List (QPL), http://caioulightingqpl.com/, that do not meet the Deemed/Express program criteria. ▪ Lighting Control Systems with at least three of the following controls strategies: (Scheduling, Daylighting, Occupant Sensing, Task Tuning, Demand Response) when not accompanied by a luminaire modification. Most control installations accompanying luminaire modifications are required by code and therefore ineligible. ▪ SDG&E only: Emerging Technologies
Non-Lighting Measures	<p>HVAC</p> <ul style="list-style-type: none"> ▪ Cooling tower replacement (A/C or Refrigeration) ▪ Condenser replacement (A/C or Refrigeration) ▪ Controls and energy management systems for HVAC or refrigeration equipment ▪ Variable speed drives on pump motors and cooling tower pumps) ▪ Motor or fan upgrades ▪ Insulating cool air ducts ▪ High-efficiency water-cooled chiller replacements ▪ Variable Speed Drive installations on existing air conditioning or refrigeration compressor motors. ▪ SDG&E and PG&E only: Water source heat pumps (WSHP) of any size* ▪ Constant air volume to variable air volume conversions (depending on the age of the system) ▪ Chiller heat reclaim ▪ Evaporative cooling unit installations ▪ Evaporative pre-cooling unit installations ▪ 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 ▪ Oversized condenser installation ▪ Compressor replacement (A/C or Refrigeration) ▪ SDG&E only: VAV laboratory exhaust system installation ▪ SDG&E and SCE only: Whole Building EMS ▪ SDG&E only: Packaged air conditioner and heat pumps greater than 760,000 Btu/hr or 63.3 tons* ▪ SCG Only: Building wide EMS enabling gas savings <p>REFRIGERATION</p> <ul style="list-style-type: none"> ▪ Installation of high-speed cold storage doors (Rapid Close Doors) ▪ Refrigerated case doors ▪ PG&E and SDG&E only: Refrigeration scroll compressor replacements for bulk tanks <p>PROCESS</p> <ul style="list-style-type: none"> ▪ Energy intensity improvements to commercial and industrial processes ▪ Projects improving building hot water efficiency ▪ Water flow controls resulting in electric savings ▪ Exhaust hood and fan projects ▪ Dairy Vacuum Pumps/ Variable-speed drives (VSDs) ▪ Pulse cooling devices for injection molding machines ▪ Professional wet cleaning equipment ▪ SCADA systems enabling electric savings

	<ul style="list-style-type: none"> ▪ PG&E and SCE only: VAV laboratory exhaust system installation ▪ PG&E, SCE and SDG&E (Non Agriculture Sites only): Pump Replacements or Upgrades ▪ PG&E only: Building-wide EMS enabling electric savings ▪ Building shell improvements <p>REFRIGERATION</p> <ul style="list-style-type: none"> ▪ Refrigeration floating head controller installations ▪ Variable Speed Drive installations on existing air conditioning or refrigeration compressor motors. ▪ Air-cooled to evaporative condensers ▪ Oversized condenser installation ▪ Compressor replacement (A/C or Refrigeration) <p>PROCESS</p> <ul style="list-style-type: none"> ▪ Oversized condenser installation ▪ Centrifugal to Vertical Turbine Pumps (for Agricultural only) ▪ SCE only: Refrigeration scroll compressor replacements for bulk tanks ▪ SDG&E only: Advanced Air Compressor Controls for two or more compressors ▪ SDG&E Agriculture only: Pump Replacements or Upgrades ▪ SDG&E and PG&E only: Water source heat pumps (WSHP) of any size
<p>Natural Gas Measures (applicable only in PG&E, SCG, and SDG&E territories)</p>	<ul style="list-style-type: none"> ▪ Steam or hot water boiler blowdown improvements (including water treatment and control upgrades) ▪ Steam or hot water boiler heat recovery (e.g. economizers and combustion air preheating) ▪ Steam or hot water boiler controls and process improvements ▪ Steam or hot water boiler insulation ▪ Condensate recovery ▪ Process heating equipment replacement, reconfiguration, or upgrades ▪ Process heating controls and process improvements ▪ Process heating unit refractory/insulation upgrade ▪ Process heat recovery ▪ Process heating unit pressure controls (Min open loss/Infil.) ▪ Process heating unit moisture controls ▪ Heat cascading ▪ Thermal Oxidizer upgrades exceeding CPUC ISP ▪ Engine or Turbine replacement, process/equipment optimization, and pump upgrades

Table 1-4. Examples of Eligible Retrocommissioning Measures

- Correct actuator/damper operations **(C)**
- Correct economizer operations **(C)**
- Adjust condenser water reset **(C)**
- Adjust supply air temperature reset **(C)**
- Adjust zone temperature deadbands **(C)**
- Adjust equipment scheduling **(C, I, A)**
- Adjust duct static pressure reset **(C)**
- Adjust hot or cold deck reset **(C)**
- Optimize Variable Frequency Drive on fans or pumps **(C, I, A)**
- Recode Controls HVAC airflow rebalance/ adjust **(C,I)**
- Reduce simultaneous heating and cooling **(C)**
- Adjust boiler lockout schedule **(C, I, A)**

** Denotes type of RCx: C – Commercial; I – Industrial; A– Agriculture.*

1.5.2 Summary of Ineligible Measures

Table 1-5 summarizes the types of measures that do not qualify for program incentive funds, based on the eligibility criteria outlined in Section 1.4. This table provides an illustrative (not a comprehensive) list of ineligible efficiency measures.

Table 1-5. Ineligible Custom Measures

LIGHTING

Linear Fluorescents

- T12 linear fluorescent replacement measures
- Four-foot T8 lamps not on the qualified products list of CEE High Performance lamps
- Four-foot T8 linear fluorescent ballasts not designated as NEMA Premium, or not on the qualified products list of CEE High Performance ballasts
- Dimming ballasts not on the CEE qualified products list
- PAR and BR

LED

- LED products not listed by the PA's statewide Qualified Products List (QPL), www.caioulightingqpl.com.
- LED that meet the Deemed/Express program criteria (see Deemed section below)
- LED exit signs
- **SCE only:** LED products not listed on the DesignLights Consortium (DLC) Qualified Products List (QPL).
- **SCE only:** LED troffers and troffer retrofit kits, exterior LED parking lot lighting, area lighting and wallpacks 15 feet to 40 feet above finished grade.

CFL

- Compact fluorescent fixtures not equipped with electronic ballasts
- Any screw-in CFLs

Incandescent lamps, including halogen incandescent and halogen infrared

Xenon fixtures, unless:

- A test report from a UL-certified test lab shows a UL fixture listing, a verification of input watts, a total harmonic distortion of $\leq 10\%$, and a power factor $\geq 90\%$, AND,
- A manufacturer or distributor provides a technical data sheet and a 5-year ballast warranty for a ballast with efficiency $\geq 88\%$

Occupancy Sensors or other lighting controls required by code.

- Note: Most occupancy sensors that accompany luminaire modifications are code required and therefore ineligible. Most occupancy sensor installations that do not accompany luminaire modifications do not trigger code and are eligible as Add-in Equipment.

Deemed eligible retrofits, including, but not limited to:

- LED integral replacement lamps
- Compact fluorescent high bay replacement fixtures
- Linear fluorescent interior high bay replacement fixtures
- LED Interior high or low bay replacement fixtures replacing metal halide linear fluorescents
- LED Exterior Area Light replacement fixtures
- LED accent, surface, pendant, track and recessed downlight fixture replacements Induction fixture replacements
- Exterior LED parking lot lighting, area lighting and wall packs 15 feet to 40 feet above finished grade.

CONTROLS

- Manual control of equipment

REFRIGERATION

- One-for-one refrigerator display case replacements, Display case night covers
- Anti-sweat heater controls, Strip curtain air barriers
- Power controllers for non-perishable refrigerated coolers

BOILERS/WATER HEATING

- Process Boilers w/ input ratings $< 20,000$ MBtu/h for industrial end-use customers*
- Direct contact and domestic water heaters*
- Natural gas storage or commercial electric heat pump water heaters
- **SCE Only:** Water source heat pumps

- SCE, SCG, and PG&E Only: Hot water pipe insulation, steam pipe insulation, or tank insulation*

HVAC/MOTORS

- Motors that don't exceed full load efficiencies described in NEMA Tables 12-11 and 12-12 shown in Appendix C. pp. 4-5.
- PG&E and SCE Only: Space cooling packaged or split system air conditioning units and heat pumps of any size
- **PG&E Only:** High efficiency air-cooled chiller equipment
- **SDG&E Only:** Space cooling packaged or split system air conditioning units and heat pumps units less than 63.3 Tons
- Variable frequency drives (VFDs) on HVAC fans < 100 horsepower. Cooling tower VFDs are eligible for customized incentives regardless of size.
- Residential furnaces installed in a small commercial setting
- Cool roof systems

AGRICULTURE

- Greenhouse heat curtains*, Greenhouse infrared film*, VFDs for irrigation pumps*

FOOD SERVICE

- Ovens*, Fryers*, and Griddles*
- Steam Cookers*, Insulating Holding Cabinets*
- Solid or Glass Door Refrigerators*, Solid Door Ice Machines*
- Kitchen Demand Ventilation Controls*

OIL FIELD MEASURES

- Pump-off Controls on Rod Beam Pump Artificial Lift Systems by Major** Oil Producers Only (Minors still eligible)
- VFD on Electric Submersible Pumps Artificial Lift Systems
- VFD on Progressive Cavity Pump Artificial Lift Systems
- VFD on Steam Generator Air Blower

BRO/ RETROCOMMISSIONING / OPERATIONAL

- Non-automated operational changes
- Manual control of equipment
- Industrial routine maintenance
- Lamp/fixture cleaning
- Industry standard repair

Examples: gaskets, consumables, safety necessitated repair in maintenance, pneumatic to pneumatic control changes

MISCELLANEOUS

- Non-automated operational changes
- Server virtualization
- Power correction or power conditioning equipment
- Plug load sensors
- Network desktop power management software

*Measures eligible under the Deemed/Express Efficiency program are not eligible in the Customized program. However, measures that do not qualify for the Deemed/Express Efficiency program, based on specific requirements for that program, may be eligible for the Customized program. Please check with your Utility Administrator to verify.

**Majors are customers producing 15,000 barrels of oil per day or more; minors are customers producing less than 15,000 barrels of oil per day.

1.5.3 Measure Classification

All customized measures require the selection of one of the following six measure classifications: Normal Replacement (NR), New Construction/New Capacity (NEW), Add-on Equipment (AOE), Behavioral, Retrocommissioning, and Operational (BRO), Weatherization (WEA), and Early Retirement (ER). These categories will determine the baseline parameters set by Code or Standard requirements, industry standard practice, CPUC policy, or other considerations.

Normal Replacement (NR)

The Normal Replacement type includes measure installations where the existing equipment has failed or no longer meets current or anticipated needs or is being replaced due to normal remodeling or

upgrading or replacement activities that are expected and undertaken in the normal course of business. Measure installations where the existing equipment is still functional but does not qualify for Early Replacement fall into this category. This category now includes measures that previously fit into the now-retired Replace on Burnout (ROB) category.

A code or industry standard practice (ISP) baseline energy savings calculation, incremental measure cost, and a measure effective useful life (EUL) with justification is required for this installation type. The baseline should reflect typical actions and standard operating scenarios that would be in-place absent the program, taking into account any and all codes, standards, or regulations that apply to the installation.

New Construction/New Capacity (NEW)

New Construction measures include eligible projects where equipment is installed in a new area or one that has been subject to a major renovation, or to expand capacity of existing systems, or to serve a new load. The baseline for such measures is the energy use associated with the Code or ISP equipment operation.

Projects that involve a gut rehab, expansion, complete remodel, demolition or renovation where architectural design assistance is involved and which can be modelled using approved Title 24 compliance typically fall under the Savings by Design program. Only those New Construction/NEW projects that do not qualify for the Savings by Design program may be reviewed by the Statewide Customized Offering.

Add-on Equipment (AOE)

An Add-on Equipment (AOE) measure installs new equipment onto an existing host improving the nominal efficiency of the host system. The existing host system must be operational without the AOE, continue to operate as the primary service equipment for the existing load, and be able to fully meet the existing load at all times without the add-on component. The AOE must not be capable of operating on its own. The actual energy reduction occurs at the host equipment, not at the add-on component, although any add-on component energy usage must be subtracted from the host savings. Typical examples include the addition of a variable speed drive to an existing motor driven process.

The AOE category replaces the category previously known as Retrofit Add-on (REA). Typical examples include the addition of a variable speed drive to an existing motor driven process.

The AOE category uses the existing conditions as the baseline and the full measure cost; the EUL must be limited to the RUL of the host equipment.

Behavioral, Retrocommissioning, and Operational (BRO)⁴

The Behavioral, Retrocommissioning, and Operational (BRO) category includes all activities and installations that restore equipment performance to its nominal efficiency (i.e., rated, intended, or original efficiency) but do not enhance the nominal efficiency. The BRO category may include measures that either restore or improve energy efficiency, and that can be reasonably expected to produce multi-year savings.

Savings from performing deferred maintenance, performance restoration, and operational characteristics are considered within this category only. In cases where these savings are a component of the savings captured through equipment replacement, separate claims must be made

⁴ Please contact your local PA and associated IOU Engineering group to see if this measure is available or accepted within the PA's service territory.

for the equipment replacement savings, and savings that arise from updating maintenance and operational factors.

The BRO category will allow existing conditions to be used as the baseline and the full measure cost for cost reporting. Contact your PA to review applicable measure terms and conditions before submitting and incentives application.

Weatherization (WEA)⁵

The Weatherization (WEA) category includes improvements to non-mechanical building structures, improving the nominal efficiency of pre-existing equipment that is otherwise expected to perform essential building functions throughout the course of a building's life cycle, without regular replacement. Such measures improve the efficiency of equipment that does not burn out or when it does burn out the building can function without it; thus, the equipment is typically not replaced unless there is a major building renovation.

The WEA category uses the existing conditions as the baseline and the full measure cost for cost reporting.

Early Retirement (ER)

The Early Retirement category is a sub-type of the larger Accelerated Replacement category, which includes replacements of existing equipment with nominally higher efficiency equipment and where there is more evidence than not that a) the existing equipment would have remained in operation for at least the remaining life of the existing equipment, performing its current service requirement and b) the energy efficiency program activity induced or accelerated the equipment replacement. The existing equipment must have at least one year of remaining useful life (RUL) to qualify as Early Retirement. In Early Retirement measures, the existing equipment is fully operational and meets new and existing load service requirements and could continue to do so for the RUL of the existing equipment.

Early Retirement measures use the existing equipment annual energy use as the baseline for calculating the savings and customer incentive payment. Early Retirement measures also require the collection of code or industry standard practice annual energy for the purpose of establishing eligibility and internal "dual baseline" analysis. The second baseline is used for savings reporting purposes only and does not currently factor into the customer's incentive payment calculation. While savings are calculated using existing equipment as the baseline, Early Retirement measures are required to provide savings above and beyond code or industry standard practice to be eligible for the program.

Early Retirement measures may be eligible for higher customer incentive payments than Normal Replacement measures by virtue of calculating savings relative to *existing conditions* rather than *code/standard* conditions. However, in order to claim a measure as Early Retirement, a preponderance of evidence is required to demonstrate program influence and that existing equipment would remain in operation otherwise. Please contact the PA for assistance in potentially substantiating an Early Retirement claim.

⁵ Please contact your local PA and associated IOU Engineering group to see if this measure is available or accepted within the PA's service territory.

1.5.4 Baseline Selection Guidelines

- Use the pre-existing equipment's annual energy use as baseline when:
 - The measure qualifies for Early Retirement. Code/Industry Standard Practice equipment energy use must also be established for Early Retirement measures, but does not figure into the customer incentive payment.
 - The measure is an add-on that is not required by code and not typically installed as Industry Standard Practice. (Please check Title 24 Additions and Alterations section.)
 - The measure is classified as Normal Replacement *and the existing equipment being replaced is more efficient than code or industry standard practice.*
- Use Code/Industry Standard Practice equipment annual energy use as baseline when:
 - The measure is classified as Normal Replacement *and the existing equipment being replaced is not more efficient than code or industry standard practice.*
 - The measure is classified as New Load.
 - The baseline conditions or requirements were changed (e.g., production-level changes). If the pre-existing equipment is not capable of reliably meeting the new requirement for its remaining life, then the savings baseline must be set at either minimum Code or Industry Standard Practice equipment, even if the pre-existing equipment would have otherwise qualified for Early Retirement.

In some situations, a measure for which savings might be claimed could be determined to be the only acceptable equipment for an application. In such cases, the baseline must be set at the minimum needed to meet the requirements, which may be the same as the equipment planned for installation. In such a case, the measure is ineligible for incentives.

1.5.5 Fuel Substitution Measures

Fuel substitution (fuel switching) measures involve retrofit projects where all or a portion of the existing energy use is converted from either “electricity to natural gas” or “natural gas to electricity”.

Incentives for fuel substitution measures are calculated as the incentive associated with the **replaced** fuel measure (electricity or gas) *less* the incentive resulting from the installation of the **replacement** fuel measure (electricity or gas).

For example: If a project switching from electricity to gas saves 100,000 kWh and 20 kW, but uses 4,000 additional therms, the incentive is $(100,000 \text{ kWh} * \$0.15/\text{kWh}) + (20 \text{ kW} * \$100/\text{kW}) - (4,000 \text{ therms} * \$1/\text{therm}) = \$13,000$.

For projects within SCE's service territory, only fuel substitution measures involving retrofit projects where all or a portion of the existing energy use is converted from “natural gas to electricity” are eligible; incentives are not paid for switching from gas to electric, but rather for installing premium efficiency electric equipment.

Additionally, fuel-substitution measures must reduce the need for source energy use without degrading environmental quality. Fuel-substitution measures must pass a three-prong test to be eligible. The three prongs evaluated in the test are a source-BTU comparison, a benefit-cost ratio calculation, and an environmental impact analysis. The PA will perform these analyses.

1.5.6 DEER Peak Permanent Peak Demand Reduction Calculations

Peak demand reduction will be evaluated using the Database for Energy Efficiency Resources (DEER) peak approach. The DEER peak method is defined as “*an estimated average grid level impact for a*

measure between 2 p.m. and 5 p.m. during a ‘heat wave’ defined by three consecutive weekdays for weather conditions that are expected to produce a regional grid peak event.”⁶

The DEER Peak periods are further defined by individual climate zones. Because the definition is based on average grid-level impacts it has been determined that all measures must use the predefined “heat wave” periods in Table 1-6 below.

Table 1-6. DEER Peak Periods by Climate Zone

Climate Zone	Start Date	End Date
1	16-Sep	18-Sep
2	8-Jul	10-Jul
3	8-Jul	10-Jul
4	1-Sep	3-Sep
5	8-Sep	10-Sep
6	1-Sep	3-Sep
7	1-Sep	3-Sep
8	1-Sep	3-Sep
9	1-Sep	3-Sep
10	1-Sep	3-Sep
11	8-Jul	10-Jul
12	8-Jul	10-Jul
13	8-Jul	10-Jul
14	26-Aug	28-Aug
15	25-Aug	27-Aug
16	8-Jul	10-Jul

The periods are based on a typical year using a 2014 calendar. If the peak period falls on a weekend, the following three day period will be utilized.

⁶ Energy Efficiency Policy Manual, v5. These hours are the currently agreed upon hours between the IOU's and CPUC and are in the process of being updated by 2020.

1.6 Direct Savings and Multiple Measures

Only direct energy savings—not indirect energy savings or savings from interactive effects—count in determining a project's incentive. Direct savings occur as the primary purpose of the retrofit. Indirect energy savings or savings from interactive effects are savings that occur from other than the primary purpose of the retrofit. For example, high-efficiency lighting typically lowers the air conditioning load. However, only the avoided lighting energy, not the avoided air conditioning energy, would count as energy savings for the purposes of determining the incentives for the project.

For projects that result in water savings, embedded (indirect) energy may be considered when determining a project's incentive. Please contact the PA for additional information.

1.7 Aggregating Customer Project Sites

A project may be comprised of 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).

The following requirements apply:

- The same Customer must own and/or occupy the Customer Project Sites. Please refer to Section 1.10.3.3 (Customer Project Incentive Caps) to review the maximum incentive available per Customer Project Site.
- There is a limit of 25 sites that can be aggregated.
- The sites may have entirely different measures, operating hours, energy use profiles, and M&V plans (if required).
- 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.
 - Project Sites for which the Customer is applying for incentives must be in the same service territory as the PA.

When combining sites and measures into a single application, the Applicant should be aware that such projects will not be reviewed, approved, or paid until paperwork on all the individual sites and measures is complete. If the project is being implemented in phases, consider submitting separate applications for each site.

1.8 Verification Requirements

The Statewide Customized Offering generally requires verification of the energy savings achieved by a given project. Short-term monitoring, spot measurements, verification of production data, or other forms of verification is typically required to confirm savings. The project developer must propose the verification activities for a given project, and the PA approves or revises the verification plan.

1.8.1 Measurement & Verification (PG&E, SCE, and SDG&E only)

The M&V process proceeds as follows:

1. **M&V Plan Development.** The Applicant working with the PA develops an M&V plan based on the scope of the proposed measures and magnitude of expected savings. The Applicant submits the M&V plan and any required baseline data to the PA as part of the Application package. At a minimum, the M&V plan must contain: 1) measurement points, 2) measurement period, 3) measurement interval, 4) measurement equipment, 5) discussion of measurement equipment accuracy and uncertainty (+/-), 6) raw data archives, and 7) system diagrams (for complicated projects). It may be necessary to collect additional baseline data before the project commences.

NOTE: Within the SDGE service territory if a custom project requires extensive Measurement and Verification to support final calculated savings, SDGE in its sole discretion, can help defray the M&V cost to the Payee by awarding an additional 10 percent of the **final calculated approved energy savings incentive**; not to exceed \$50,000.
2. **M&V Plan Approval.** The M&V plan is reviewed to ensure the plan meets program requirements. If the M&V plan is approved, the incentive funding for the project is reserved at application approval.
3. **Project Installation.** For projects within SDG&E and SCE service territories, the Applicant submits a signed Installation Report and invoices after all project measure(s) have been **installed, and are fully commissioned and fully operational**. For projects within PG&E service territory, the Applicant notifies the Utility Administrator in writing and submits invoices after all project measure(s) have been **installed are fully commissioned and fully operational**.
4. **Installation Review.** Upon receipt of Installation Report (SCE and SDG&E), or Installation notification (PG&E), the Reviewer evaluates the submittal package and conducts a post-installation inspection to verify project installation and ensure the scope of work was not altered from the approved project. On the first and third Monday of every month, the California Public Utility Commission (CPUC or Energy Division) staff selects projects to review. If a project is selected, the project review timeline, project energy savings, and/or incentive may be impacted. Projects that are selected for review by the Energy Division (ED) may have additional processing delays.
5. **Incentive Payment.** For projects within SCE's and SDG&E's service territories, except for projects where M&V Plans are required, the designated Payee receives 60 percent of the Installation Report approved incentive upon approval of the Installation Report. Then, the Applicant performs the agreed upon M&V activities and submits the Operating Report. The Applicant receives the remaining balance of the incentive based on the measured savings upon approval of the Operating Report. For Federal projects in SDG&E service territory, 100% of the incentive based on the measured savings is paid when the Operating Report is approved.

For projects within PG&E's service territory, the incentive based on the measured savings is paid when the Installation Review is approved, which includes a review of the approved M&V activities.

1.8.2 The Measurement & Verification Custom Process (SCG only)

The M&V process for custom projects begins after the PA reviews the submitted application **and has determined in its sole discretion that an M&V process is appropriate for the proposed project.**

The M&V process proceeds as follows:

1. **M&V Requirement Notification.** The PA contacts the Project Sponsor and notifies it of the M&V requirement. The PA sends the Project Sponsor the Measurement & Verification Guidelines.
2. **M&V Plan Development.** The Project Sponsor develops an M&V plan based on the M&V Guidelines. The Project Sponsor submits the M&V plan, and any required baseline data to the Utility Administrator.
3. **Application and M&V Plan Approval.** If the application and the M&V plan are approved, incentive funding for the project is reserved and the Project Sponsor and PA initiate the application approval review.
4. **Project Installation.** The Project Sponsor notifies the PA in writing and submits invoices after all project measure(s) have been **installed and are fully commissioned and fully operational.**

1.9 Custom Project Cost Documentation

A cost basis must be submitted for each individual measure within a project. Eligible costs within that cost basis are *only those costs directly related to the installation of the energy efficiency measure*. Costs unrelated to the energy efficiency measure should not be included within reported costs.

Allowable measure costs may include: audits, design, engineering, construction, equipment, materials, removal, recycling, overhead, tax, shipping, and labor. Labor costs can be contractor or in-house if proof of direct project hours and costs are provided.

Eligible costs may **not** include: spare parts and maintenance supplies, maintenance contract, standby/backup equipment, and equipment that does not directly contribute to realization of energy savings.

Table 1-7. Project Costs

Cost	Includes
EE Equipment	Energy Efficiency equipment, materials, shipping, and tax
ISP Equipment	Code or Industry Standard Practice equipment, materials, shipping, and tax
Engineering	Audits, design, and engineering
Construction	Construction and associated labor and overhead
Disposal	Demolition, removal, and recycling
Permitting	Permit preparation and fees

Cost basis is determined by the measure type, as indicated in the following table:

Table 1-8. Cost Basis

Measure Type	Cost Basis
Normal Replacement, Replace on Burnout, New Construction / New Load	Incremental Measure Cost (IMC)
Early Retirement	Early Retirement Cost (ERC)
Add-on Equipment	Full Measure Cost (FMC), aka Gross Measure Cost (GMC)

Full Measure Cost (FMC) – alternatively, Gross Measure Cost (GMC) – is the total amount paid by the customer to implement the energy efficiency measure.

$$\text{FMC} = \text{EE Equipment} + \text{Engineering} + \text{Construction} + \text{Permitting} + \text{Disposal}$$

Incremental Measure Cost (IMC) is the *marginal* cost of implementing the energy efficiency measure. This is how much *more expensive* the energy efficiency measure is than a similar, industry standard measure, as defined by the PA.

$$\text{IMC} = \text{EE Equipment} - \text{ISP Equipment}$$

Early Retirement Cost (ERC) is the total cost incurred to install the energy efficiency measure reduced by the net present value of the total cost that would have been incurred to install an ISP measure at the end of the remaining useful life period. This cost is considered for Early Retirement

Measures only. D = Discount Rate (fixed per PA); RUL = Remaining Useful Life, in years, of Existing Equipment.

$$\mathbf{ERC = FMC - \frac{(FMC - IMC)}{(1 + D)^{RUL}}}$$

1.9.1 Calculating Measure Costs

Five methods of calculating measure costs are listed below in decreasing order of preference. Method 1 is preferred to Method 2, which is preferred to Method 3, etc.

Method 1: Actual (site specific) Costs (for IR phase only)

When possible, individual itemized measure costs from an invoice should be used. If the project is a stand-alone energy efficiency improvement, determining the project cost is relatively straight forward. If the project includes multiple technologies and the invoice(s) are itemized, then determining the measure costs would be straight forward as well. Splitting the costs without a disaggregated invoice could entail one of the following approaches:

- Use the energy savings to determine the relative weighting; or
- Use DEER to obtain the relative weighting.

Method 2: Contractor Quote

Obtain measures cost values through a written bid, quote or proposal from a vendor, contractor, or manufacturer. The documentation should include a breakdown by technology that includes labor, material and other related costs (e.g., disposal costs less salvage value).

Method 3: DEER Look-up

Look up the specific technologies in the DEER measure cost tables. Individual cost values should be documented by referencing the DEER version and the respective DEER cost case ID value. All costs will be tracked and documented, electronically, in a spreadsheet for easy reference.

Method 4: Cost Estimating Reference

Develop the measure costs for the proposed equipment using a cost estimating reference guide, such as RS Means Building Construction Cost Data. Use the most current cost estimating reference applicable to the project application program year. Consistent with the other methodologies above, costs and assumptions should be tracked in a spreadsheet. If necessary, the methodology may be documented in a separate document.

Method 5: DEER Approximation

If DEER does not include the specific technologies that are included in the project, the DEER values may be used to approximate the measure costs when Methods 1 through 4 are not available. When using this method, a detailed workpaper is required to document the methodology and assumptions. Consistent with the DEER Look-up method, costs and assumptions should be tracked in a spreadsheet. If necessary, the methodology may be documented in a separate document.

1.10 Incentive and Bonus Payments

The incentive payment amount is based on a flat incentive rate (per kWh and/or therm) applied to one year of energy savings (kWh and/or therm), plus a flat incentive rate (per peak kW) applied to the resultant permanent peak demand reduction. Incentive payments for measures that result in both kWh and therm savings are calculated as the sum of the direct electricity (kWh and kW) and gas (therm) savings. The final incentive amount is based on the verified savings and may vary from the originally indicated amount on the Project Agreement.

For measures requiring M&V in SDG&E service territory, 60% of the incentive 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 PA.

For measures requiring M&V in PG&E and SCG service territory, 100% of the incentive based on the measured savings (as indicated above) is paid at the end of the project performance period when the project is approved. M&V costs may be included in the project cost calculation.

When reviewing the project application, the PA will verify that the Applicant has designated the proper incentive category for each efficiency measure. As shown in Table 1-9, the incentive rate is dependent on the type of efficiency measure installed (to-code, above-code, or BRO/retrocommissioning).

Table 1-9. 2018 Energy Savings Custom Incentive Rates

Measure Category	Annual Energy Savings Incentive Rate	Permanent peak demand reduction Incentive Rate	Natural Gas
To code/standard practice	\$0.06 per kWh saved	\$75 per peak kW (SDG&E/PG&E) \$150 (SCE)	\$0.50 (SDG&E/PG&E) \$0.75 (SCG)
Above Code/standard practice	\$0.12 per kWh saved	\$150 per peak kW	\$1.25 (SDG&E/PG&E) \$1.50 (SCG)

Table 1-10. 2018 Energy Savings BRO/Retrocommissioning Incentive Rates

Measure Category	Annual Energy Savings Incentive Rate	Permanent peak demand reduction Incentive Rate	Natural Gas
Lighting (Fluorescent, other lighting, lighting controls), Motors and other equipment	\$0.06 per kWh saved	\$75 per peak kW (SDG&E/PG&E) \$150 (SCE)	\$0.50 (PG&E, SDG&E) \$0.75 (SCG)

1.10.1 Incentive Payment Changes From Reserved Amount

The incentive may differ from the amount reserved and approved, if actual equipment installation or operation varies from that described in the approved application. For example, if the indicated installed equipment efficiencies or operating schedules change, the incentive will be adjusted accordingly. The amount of this adjustment varies by PA.

Certain conditions may result in an incentive that exceeds the reserved and approved amount, in the sole discretion of the applicable PA, including:

1. Increased Project Costs – The actual installed costs are higher than the estimated costs approved at the application review, and there are no other limiting customer project site caps. Incentives are still capped as described in Section 1.10.3: Incentive Limits.
2. Installation of Greater Quantity – The Customer has installed a greater quantity of similar equipment as indicated on the application and approved at the application review.

3. Installation of More Efficient Equipment – The Customer has installed higher efficiency equipment than indicated on the application and approved at the application review.
4. The Program Administrator reserves the right, but is under no obligation, to approve an incentive payment that exceeds the contracted amount in certain additional circumstances not specified above.

In some cases, the total incentive amount may be less than the amount paid in the first incentive payment after installation. In such a situation, the Payee is responsible for reimbursement of the difference to the PA.

1.10.2 Comprehensive Bonus (SCE only)

SCE offers a bonus in order to encourage deeper, more comprehensive retrofits. If a customer installs at least three measures in different end-use categories (see below) at a premise, they may be eligible for a 20% bonus incentive payment (up to \$25,000) in addition to the standard incentive. Both calculated and deemed measures may count as qualifiers toward the bonus, and the final incentive bonus is equal to 20% of the combined incentive from the qualifying calculated and deemed measures. At SCE, the three or more qualifying measures must be bundled in a single application.

Each of the 3+ qualifying measures must account for at least 10% percent of incentive payment associated with the total project. New participation in the BRO program (formerly retrocommissioning or RCx) or new enrollment in the Demand Response program satisfies one of the required measures (10% incentive savings is not required). The measure end use categories are listed below.

Table 1-11. 2018 Comprehensive Bonus End Use Categories

Measure Type	End Use Categories	Minimum Contribution
Electric	Lighting	10% Incentive
	HVAC	10% Incentive
	Smart Controls*	10% Incentive
	Building Envelope	10% Incentive
	Refrigeration	10% Incentive
	Process	10% Incentive
Programs	New Participation in RCx	Participation
	New Enrollment in Demand Response Program	Enrollment
Natural Gas**	Hot Water / Steam	10% Incentive
	Heat Recovery	10% Incentive
	Process Heat	10% Incentive

* Smart controls provide comprehensive integrated control of electric or gas end uses to minimize overall system energy consumption. Smart controls employ algorithms and control sequences to optimize (minimize) energy consumption. In addition, smart controls may employ algorithms and control sequences to automatically regulate energy systems in response to demand response events.

** Applicable only in SCG service territory.

Please contact your SCE to determine which specific measures (solutions) fall under each category.

Visit <https://sceonlineapp.com/ComprehensiveBonus.aspx>.

1.10.3 Incentive Limits

1.10.3.1 First Come, First Served

Program funds are available on a first-come, first-served basis. All PA Project incentive funds are reserved when a Project Agreement is fully executed by both the Project Sponsor and the PA.

1.10.3.2 Incentives from other Programs

In some cases the incentive for any measure included in the application cannot be applied for through multiple California energy efficiency incentive or rebate programs offered by any other California utility program funded by the Public Purpose Program [PPP]. Gas and Electric components should be considered separately.

1.10.3.3 Customer Measure and Project Incentive Caps

Incentives for each measure are limited to the lesser of the following:

1. The incentive based on the measure energy savings and permanent peak demand reduction resulting from the installation of the new equipment on the meter(s) for which the utility collects the PPP surcharge.
 - a. kWh, kW and therm savings are limited to the net potential benefit provided to the PA during the period of performance.
 - b. Incentives for sites with a non-utility supply are tied to the savings provided to the Utility, on an hourly basis for electricity and monthly for gas during the period of performance, with some exceptions (contact the PA for more information).
2. The cost cap for the measure; capping mechanisms vary by measure application type as described in the table below:

Table 1-12. Measure Incentive Cap

Measure Application Type	Measure Cost Basis	Measure Incentive Cap
Normal Replacement, New Construction / New Load	Incremental Measure Cost (IMC)	100% of IMC
Early Retirement	Early Retirement Cost (ERC)	100% of ERC *SCE: 50% of GMC or 100% of ERC, whichever is less.
Add-on	Full Measure Cost (FMC), aka Gross Measure Cost (GMC)	50% of FMC / GMC
BRO and Weatherization	Full Measure Cost (FMC), aka Gross Measure Cost (GMC)	50% of FMC / GMC

Project Incentive Caps. The maximum incentive per project is described in the table below:

Table 1-13. Program Incentive Cap

Program Administrator	Project Incentive Cap
PG&E	\$500,000 ⁷
SCG and SDG&E	\$1,000,000
SCE	15% of annual program incentive funds, or the lesser of the sum of the Measure Incentive Caps and 50% of the full project cost

⁷ This cap can be removed with a project review by PG&E engineering.

1.10.4 Payment Disbursement

The PA will calculate the incentive payment based on its review and approval of the submitted paperwork or site inspection. The PA will notify the Project Sponsor in writing of the final approved incentive payment amount upon approval of the Installation Report and/or Operating Report, as applicable, and will begin processing the incentive payment. If the Project Sponsor disputes the findings of the review, the Project Sponsor should notify the PA as soon as possible. Once processed, the PA will mail the incentive check to the Payee designated on the application.

1.11 Project Persistence

Due to the flexible nature of some measures, the Applicant may be required to take steps to ensure that the measures will remain in place, or persistence. Acceptable follow-up steps may include any or all of the following:

- **Follow Up Training and Documentation.** The Applicant submits documentation of post-implementation training with the facility's staff and any changes made to the facility's operation manual for the impacted systems.
- **Service or Maintenance Contract.** Applicant provides a service or maintenance contract with a duration of at least three years for the rebated measures. The service contract would be submitted during the post-implementation Review and Approval.
- **Post-Installation Visits.** The Applicant may be required to complete a Post Installation Consent Form during Project Application that obligates a specified consultant to make follow-up visits to the project site as requested by the PA. If deviations from post-installation performance specifications or deficiencies that adversely impact energy savings are found, the Applicant is required to restore any rebated measures to the conditions verified at implementation review or, if not, may be required to reimburse PA for a portion of the incentive received. The frequency of such post-installation visits may vary. Please contact the PA for further details.

In addition to the post-installation visits by the PA, the Applicant may also be subject to further inspections by the CPUC or its designated entities.

1.12 How to Apply

The application process requires careful attention to detail. Incomplete or incorrect applications will be returned (declined), so it is highly recommended to follow the program instructions carefully. SCE pre-screens all Customized projects upon application submission for completeness, accuracy and program influence. As a result, this may lead to increased processing times. Applicants can call their PA for assistance in completing their applications and to obtain answers to specific program questions; however, ensuring the accuracy and completeness of the application is the sole responsibility of the Project Sponsor. Table 1-14 lists the Statewide Customized Offering contact information for each PA.

Table 1-14. Program Administrators

Program Administrator	Program Contact Information
San Diego Gas & Electric https://www.sdge.com/businesses/savings-center/rebates-incentives/incentives *note – Please work with your Account Representative to navigate the program.	San Diego Gas & Electric 8335 Century Park Ct., CP12C San Diego, CA 92123-1569 Phone: (800) 644-6133 Fax: (619) 819-4206 businessenergysavings@sdge.com
Southern California Edison https://www.socalgas.com/for-your-business/energy-savings/energy-efficiency-incentives *note – Please work with your Account Representative to navigate the program.	Southern California Edison Business Incentives & Services P.O. Box 800 Rosemead, CA 91770 Phone: General Assistance - (800) 736-4777 Technical Assistance - (626) 633-3393 Fax: (626) 633-4844 BusinessIncentives@sce.com
Pacific Gas and Electric www.pge.com/customized *note – Please work with your Account Representative to navigate the program.	Pacific Gas and Electric Company PG&E Integrated Processing Center P.O. Box 7265 San Francisco, CA 94120-7265 Phone: (800) 468-4743 businesscustomerhelp@pge.com
Southern California Gas Company https://www.socalgas.com/for-your-business/energy-savings/energy-efficiency-incentives *note – Please work with your Account Representative to navigate the program.	Southern California Gas Company Attn: C/I Energy-Efficiency Box 51329 ML GT 19A8 Los Angeles, CA 90051 Phone: (800) 427-2000 EERebatesforBusiness@socalgas.com

1.12.1 Overview of Required Paperwork

To be eligible for incentives, the Applicant must perform certain actions and submit certain forms or applications/reports at specific project milestones:

1. **First milestone: Application**

The application describes the project and estimates the energy savings and permanent peak demand reduction. Supporting documentation on calculations and program influence must accompany the application forms. Additionally, the application must include all measure costs. Please refer to the PA websites referenced above for more information, including program application checklists.

2. **Second milestone: Project Approval**

Once the application has been reviewed and written approval has been received, the project is approved. The customer may then proceed with the equipment order(s) and the implementation of approved measures.

3. **Third milestone: Installation**

For SCE and SDG&E service territories, the Project Sponsor submits an Installation Report to the Utility Administrator after the new equipment is installed and fully commissioned and fully operational. The PA Administrator cannot schedule an inspection without a submitted and signed IR. For PG&E and SCG service territory, the Project Sponsor notifies the Utility Administrator after installation and commissioning and M&V are complete. For all Utilities, the Project Sponsor also submits invoices and any other materials deemed relevant by the Utility Administrator.

4. **Fourth milestone: Operating Report (SCE and SDG&E Projects requiring the M&V)**

This form is filed with the Utility at the end of the project performance period to confirm that the project is still in operation as installed and is submitted with M&V results. The Operating Report is the basis for the final incentive payment for measured savings.

1.12.2 Paper or Electronic Forms

There are two ways to fill out the Customized Program paperwork:

1. **On paper (SDG&E, SCG, and PG&E)**, using hardcopy forms (a) obtained from the PA or (b) downloaded from the PA's energy efficiency website (please refer to Table 1-9 for website address).
2. **Electronically (SCE)**, through interactive Statewide Customized Offering software or online application system accessed through the PA's website⁸ (please refer to Table 1-9 for website address).

The software and online versions of the forms allows for easier editing and can save time in preparing multiple project applications. Digital versions may also check to ensure that necessary information is not missing, a feature that may speed processing time.

⁸ Downloadable software is available for SDG&E and PG&E service territories, an online application system is currently under development for SDG&E and PG&E.

1.13 Application Review

The project application (first submittal) consists of the application document and supporting attachments after the customer has discussed the project with the PA. The application process is different among the PAs; please consult the PA-specific websites for forms and instructions. Table 1-9 shows the website addresses for each PA.

The information required for the application consists of:

1. Incentive Application (information regarding Applicant, Project Type, Payment, Customer Project Site, Property Type, and Project Sponsor)
2. Savings Summary (information regarding Energy Savings)
3. Energy savings calculations showing how the energy and peak savings were determined; a printout of the estimation software results if the software method is used; and custom calculations if engineering calculations are used. If engineering calculations are used, unprotected, electronic copies of the energy savings calculations are required. These calculations are required for all Customized projects.
4. Evidence showing the program influenced the customer to select a more energy efficient option.
5. For SDG&E: [EEBI Calculated Lighting Equipment Survey Table \(.xls\)](#); *2013-15 Non Residential Customer Programs Trade Professional Agreement; Specification sheets*

1.13.1 Project Application Review Schedule

Review of a Customized application with complete information provided is typically completed within 60 days. Complex and multiple-site projects and projects that require longer periods of M&V may require more time. Projects can only be reviewed when documentation is complete.

The PA will contact the Applicant for additional information or clarification when necessary. The quicker the response, the faster the application can be reviewed and approved.

1.13.2 Pre-Installation Inspection

Upon receiving a complete application package, the PA may contact the Applicant to schedule a pre-installation site inspection. The purpose of this inspection is to verify:

1. The application accurately reflects the existing conditions;
2. The operating conditions and loads of any existing equipment;
3. Installation has not yet occurred (if installation has begun, the project may be deemed ineligible); and
4. Any additional, necessary measurements to be taken.

The Applicant should be flexible in scheduling such inspections and provide complete access to Customer project sites. A representative of the Applicant who is familiar with the project (e.g., a facility manager or other responsible representative of the Customer) should attend the inspection. When necessary, the Customer may be required to disrupt equipment operation, open any electrical connection boxes, or install current and power transducers.

If the inspection cannot be completed in a timely manner, the Customer Project Site may fail the inspection. If the Customer Project Site fails the inspection, the PA may decline the application or ask the Customer to resubmit if the application can be corrected.

1.13.3 Notice of Application Review Results

The PA will provide the Project Sponsor written notice of the pre-installation inspection results and overall review of the project application as follows:

- **Approved.** The approval letter/email informs the Applicant that the project is accepted under the terms of the Statewide Customized Offering and outlines the approved energy savings and reserved incentive amount. Included with the letter/email is an official Program Agreement, showing the estimated approved savings and estimated incentive and reiterates the Terms & Conditions of the Agreement, which the Customer/Project Sponsor agreed to when signing the Custom application. For SDGE, after receipt of a signed Agreement SDG&E will issue a Notice to Proceed. At this point, the Project Sponsor/Customer can proceed with removal of equipment, purchase of equipment and installation. If the Applicant does not sign and return the Project Agreement within the designated time, the Utility Administrator reserves the right to rescind the Project Agreement.
- **On Hold.** The review may be placed on hold if circumstances do not allow for the project to proceed. Upon resolution of the issue(s), the Utility Administrator will resume the review process.
- **Suspended (N/A for SCG).** The review may be suspended when repeated attempts for information are ignored. At this point the Applicant has 30 days to respond or the application may be withdrawn and will need to reapply.
- **Declined.** An application may be declined if any of the following conditions apply:
 - lack of program influence;
 - the project fails inspection ;
 - the application is missing information that the Applicant is unwilling or unable to provide;
 - the existing equipment has been removed prior to inspection;
 - the project otherwise fails to meet program criteria;
 - the application does not include an acceptable M&V plan (M&V process projects only).

If declined, the Applicant may re-apply to the program, or the application may be reactivated once the information is provided.

SCE only: A \$400 fee may be imposed if an application or project requires re-review, re-processing, or re-inspection.

1.14 Project Installation

1.14.1 Wait for Approval

The actual project installation must not begin until after a Project Agreement or Notice to Proceed is executed. Projects will be deemed ineligible and declined if installation has begun prior to approval.

“Project Installation” includes, but is not limited to: decommissioning and removal of existing equipment, demolition, facility alterations to prepare for new equipment, order of new equipment, and installation of new equipment.

PA pre-approval does not mean the application has been approved and will receive funding, but rather that proceeding with installation will not impair the Applicant’s chances for the application’s approval. Pre-approval notification must be in writing from the PA. Verbal notification or approvals are not binding.

1.14.2 Change in Project Scope

If the scope of the project changes substantially from what was identified in the project application review, the project may require resubmittal. Substantial changes include significant modifications to the proposed equipment type, size, quantity, configuration, or the expansion of project to include additional retrofits. The revised project scope and supporting calculations are subject to an additional review and may require a new agreement prior to the removal of existing equipment/systems or the installation of the replacement equipment/systems. If the scope of work changes after the Project Agreement is executed, but before the work is completed, notify the PA immediately.

1.14.3 Installation Deadline

All projects must be installed and fully operational one year from application approval. If the project is not fully installed and operational by the specified installation deadline, the agreement is subject to cancellation. Extensions may be requested and granted at the PA’s discretion.

1.15 Installation Review

The Applicant submits an Installation Report (or equivalent documents) to the PA once the project has been installed and is fully commissioned and fully operational. The Installation Report must be submitted for a post-installation inspection to be scheduled. This Installation Report/notification should confirm the estimated energy savings, or identify any changes to the project that were made during installation. If changes were made to the project, the anticipated energy savings and demand reduction should be recalculated as necessary. The Applicant also attaches any required data and analysis from M&V that may have been performed before or after installation.

The Installation Review approval is the basis for initiating the incentive payment.

1.15.1 Installation Review Timeline

The Applicant should submit the Installation Report (SCE and SDG&E) or notify the IOU in writing (PG&E and SCG) within 30 days of equipment installation.

The PA will typically review the form within 30-45 days, depending on M&V complexity. Complex and multiple-site projects may take longer.

1.15.2 Post-Installation Inspection

Upon receipt of the Installation Report (SCE and SDG&E) or installation notification (PG&E and SCG), the PA may schedule a post-installation inspection at the Customer project site. The PA will verify that the project is completely installed and operational. If necessary, spot measurements may be conducted.

The Applicant should be flexible in scheduling such inspections and provide complete access to Customer project sites.

A representative of the Applicant who is familiar with the project (e.g., a facility manager or other responsible representative of the Customer) should attend the inspection. When necessary, the Customer may be required to disrupt equipment operation, open any electrical connection boxes, or install current and power transducers.

If the inspection cannot be completed in a timely manner, the Customer Project Site may fail the inspection. If the project fails the inspection, the PA may decline the application. The PA reserves the right to assess a re-inspection fee if multiple site inspections are conducted.

1.15.3 Notice of Installation Review Results

The PA will provide the Applicant written notice of the post-installation inspection results and overall review of the project application, typically within 30 days of receipt of the completed Installation Report/Notification, as follows:

- **Approved.** The approval letter/email informs the Applicant that the project has been approved for incentive payment processing under the terms of the Statewide Customized Offering.
- **On Hold.** The review may be placed on hold if circumstances do not allow for the project to proceed. Upon resolution of the issue(s), the PA will resume the review process.
- **Suspended (N/A for SCG).** The review may be suspended when repeated attempts for information are ignored. At this point the Applicant has 30 days to respond or the application may be withdrawn and will need to reapply.
- **Declined.** An application may be declined if any of the following conditions apply:
 - the installation is not consistent with the Project Agreement;
 - the project fails inspection;
 - the project is missing information that the Applicant is unwilling or unable to provide;

- the installed equipment is not fully commissioned and fully operational prior to inspection;
- the project otherwise fails to meet program criteria.

If an Installation Review is not approved, the PA may terminate the Project Agreement and release the incentive funding reserved for the project.

1.15.4 Incentive Payment

Upon approval of the Installation Review, the PA will pay the Project Sponsor the approved incentive amount. Please see Section 1.8.1 Measurement and Verification for projects requiring M&V.

1.16 Other Important Terms and Conditions

By virtue of participation in the program, Customers, Project Sponsors, and Authorized Agents agree to the following terms and conditions. Additional terms and conditions apply, as set forth in the specific program terms and conditions and otherwise.

1. All parties consent to participate in any evaluation of the program. The CPUC or its representatives may contact participants to answer questions regarding their Statewide Customized Offering experience and/or request a site visit. All participants agree to comply with such program evaluations.
2. PAs 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 Statewide Customized Offering, as well as the unrestricted right to contract with others to perform the work or to perform any such work themselves. PAs may employ third-party engineering firms to conduct site inspections, review calculations, and make recommendations for project status. The information reviewed is considered confidential and is not shared with any party outside the application, other than PAs contractors and the CPUC as requested.

Existing Program Agreements may be assigned to a new Program Administrator. Applicants must agree to terms and conditions allowing for such a transfer in any Program Agreement.

1.16.1 Notice of Public Record

Projects are subject to the approval of the CPUC, which may require the Utility to submit information about its Projects, including, but not limited to technical specifications, energy flow diagrams, completed program forms, savings calculations, project invoices, customer identifiable information, etc. for CPUC review. Utility Program Administrators may be required to share Project information with each other and with the CPUC to ensure statewide consistency and eligibility. Customers participating in the Utility's energy efficiency incentive programs agree that Utility may provide its confidential information to the CPUC and other Utility Program Administrators.

Customer Information and Trade Secrets that you advise the Utility to treat as Confidential Information will be identified and marked according to the CPUC's confidentiality rules to notify the CPUC that the Confidential Information should not be disclosed, including under the California Public Records Act. Utility Program Administrators shall not be responsible for the disclosure of Confidential Information by the CPUC. No Project Sponsor, Customer, Authorized Agent, or other Project participant may assert any claim against the Utility as a result of its disclosure of Confidential Information to the CPUC.

1.16.2 Change in Sponsorship

If a change in the Project Sponsor occurs after the application is submitted, a new Statewide Customized Offering application is required. Please indicate the change request in writing to the PA and resubmit the required forms. Written notification is also required from the original Project Sponsor or Authorized Agent/Customer. If written notification is not possible (e.g., the original project sponsor is no longer in business or is non-responsive), the Applicant must submit a letter in writing requesting termination of the right of the original Project Sponsor or Authorized Agent/Customer to act on their behalf.

1.16.3 Contract Termination

Statewide Customized Offering contracts may be terminated at the PA's discretion, for reasons including but not limited to the following conditions:

- The PA determines that significant information was purposely withheld or falsely stated in the Project Application
- The project fails to be installed, fully commissioned, or fully operational prior to the installation deadline

- The Project Sponsor formally requests withdrawal from the program, or requests the contract to be turned over to the Customer
- The Customer requests withdrawal from the program

For more information, see sample agreement language in Appendix A.