

**INDIAN POINT ENERGY CENTER ENERGY EFFICIENCY, DEMAND REDUCTION,
AND COMBINED HEAT AND POWER IMPLEMENTATION PLAN**

February 3, 2014

Introduction

As directed by the Public Service Commission's ("Commission") *Order Accepting IPEC Reliability Contingency Plans, Establishing Cost Allocation and Recovery, and Denying Requests for Rehearing* ("IPEC Order"), Consolidated Edison Company of New York Inc. ("Con Edison") hereby submits this Implementation Plan ("Plan") for its approved Energy Efficiency, Demand Reduction, and Combined Heat and Power ("EE/DR/CHP") Programs.¹ The detailed accounting procedures and reporting requirements requested by the Commission are included within this plan. As directed by the Commission in the Order, Con Edison consulted with Department of Public Service Staff ("Staff") and the New York State Energy Research and Development Authority ("NYSERDA") as it developed the Plan. This Plan has been jointly prepared by Con Edison and NYSERDA.

The Plan provides for financial incentives ("IPEC Incentives") designed to achieve 125 MW of permanent, peak-coincident electric load reductions by June 2016; 100 MW through Energy Efficiency ("EE") and Demand Reduction ("DR"), and 25 MW through Combined Heat and Power ("CHP").

The EE and DR program will be jointly implemented by Con Edison and NYSERDA utilizing a variety of internal and external resources. The two organizations will coordinate program activities, with joint responsibility for driving sales and receiving customer demand

¹ Case 12-E-0503, Proceeding on Motion of the Commission to Review Generation Retirement Contingency Plans, *Order Accepting IPEC Reliability Contingency Plans, Establishing Cost Allocations and Recovery, and Denying Requests for Rehearing* (issued November 4, 2013), p. 48.

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reduction commitments. Through continuous coordination, Con Edison and NYSERDA will drive a sales and marketing strategy that is consistent and customer-oriented.

NYSERDA will implement the CHP component of the program by adding funds to the budget of the CHP Acceleration Program (PON 2568), which is supported by Technology and Market Development (“T&MD”) funding.²

The Plan provides information on the components of the EE/DR/CHP Program, including an outline of the EE/DR/CHP overall budget and strategy to meet the 125 MW goal. The Plan has been designed as a “living” document that will be updated as needed by Con Edison and NYSERDA. Con Edison and NYSERDA will work with Staff on program changes and the Plan will be updated as needed.

Energy Efficiency and Demand Reduction Plan

Eligible Customers

Building owners, building managers who are Con Edison electric customers and third-party developers acting on behalf of the building owners and building managers will be eligible for IPEC incentives based on their demand reduction for project(s) completed prior to June 2016. NYPA customers who do not pay into the Monthly Adjustment Charge (“MAC”) surcharge will not be able to participate in the IPEC EE/DR program, as NYPA has declined to accept collection of the associated IPEC surcharge from their customers.

² The Commission approved a T&MD portfolio including CHP in Case 10-M-0457, *In The Matter Of The System Benefits Charge IV, Order Continuing the System Benefits Charge and Approving an Operating Plan for a Technology and Market Development Portfolio of System Benefits Charge Funded Programs* (issued October 4, 2011), pp. 11-15.

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Eligible Measures

Measures eligible for IPEC incentives will include, but not be limited to: thermal storage, battery storage, demand response enablement, building management systems, chiller/heating ventilation and air conditioning, lighting, and fuel switching. While Con Edison and NYSERDA had originally envisioned that load reductions would occur between 12-6pm during the months of May through October (“peak demand”), requiring customer demand reduction solutions to perform during these time periods would require customer performance beyond the system peak hours, the 125 MW of demand at the very top of the demand curve. In essence this results in the customer demand reduction solutions not being “last in” in the supply bid stack. In order to drive customer engagement it is important to remove barriers to participation, such as the requirement to perform for hours beyond the IPEC goal of shaving the system peak. The performance period for demand reduction, which balances system need with customer engagement, continues to be investigated and will be established prior to the acceptance of program applications. Customers will receive incentives for permanent reduction during or permanent shifting of electric load from peak demand hours. Installing equipment that enables customers to participate in the NYISO Installed Capacity Special Case Resources program via automated demand response³ for short term curtailments of peak load will also be eligible under this program.

Where projects or individual measures achieve peak demand reduction and satisfy the IPEC EE/DR eligibility requirements, and are also eligible for incentives through a Con Edison or NYSERDA EEPS program, or NYSERDA T&MD/SBC program, customers will receive a combination of IPEC EE/DR plus NYSERDA/Con Edison EEPS and/or NYSERDA

³ For the purposes of this plan, “automated demand response” refers to demand response enabled by physical hardware and control systems.

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T&MD/SBC incentives. In such cases, Con Edison and NYSERDA will bundle the incentive payment into one incentive payment for the ease of the customer while ensuring appropriate program cost and benefit allocation.

Con Edison and NYSERDA will maintain guidance information and a current list of eligibility criteria on their websites. Specific measure eligibility may be updated based on improvements to code requirements or other market conditions.

Co-Administration Overview

In order to provide a single customer experience, Con Edison and NYSERDA agree to share roles and responsibilities to reduce customer confusion and program overlap. Con Edison and NYSERDA plan to set forth the details of the roles to be played by the respective organizations in a Memorandum of Understanding (“MOU”) that Con Edison and NYSERDA anticipate executing by the end of the first quarter of 2014.

Con Edison and NYSERDA will establish a web presence for the EE/DR programs, which presents common tools for application submission and customer support, and lists incentive and program eligibility criteria. Recognizing that early customer engagement is a key priority, until such time as the joint website is available, Con Edison and NYSERDA will post this information on their existing energy efficiency program websites:

<http://coned.com/energyefficiency> and <http://www.nyserda.ny.gov/Energy-Efficiency-and-Renewable-Programs/Commercial-and-Industrial.aspx>.

Between the date this Plan is filed and a future date agreed to by Con Edison and NYSERDA, NYSERDA will use cash on hand from existing programs (e.g., EEPS and T&MD) to make incentive commitments for the joint program, make payments relative to those commitments when projects are completed, cover administrative and contractor costs and cover

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associated expenses until such time that there is a reconciliation with the MAC. The parties are committed to achieving the “end state” of a fully functional joint program as soon as practical.

Roles and Responsibilities

Sales Team

The Sales Team will maintain primary responsibility for generating leads for new projects, helping customers develop an approximate estimate of savings and incentives, and helping customers apply to the program. The Sales Team will also help extend customer relationships to the Project Operations Team.

Project Operations Team

The Project Operations Team (“POT”) will be responsible for the quality assurance and timely flow of the project applications being submitted. The POT will also approve project applications and release payments, upon the advice of the Technical Review Team and the Measurement and Verification (“M&V”) Manager, as appropriate. To facilitate successful projects and accurate demand reduction commitments, the POT will assign projects to technical consultants and M&V contractors as warranted, and will coordinate with the M&V Manager regarding the deployment and on-going within-program M&V.

Technical Review Team

The Technical Review team will perform a technical review of all projects submitted and calculate incentives and savings after pre- and post-inspections. The Technical Reviewer Team will propose an M&V plan to the M&V Manager for approval and will communicate the plan to the applicant’s sales channel, in coordination with the POT, early in the project review process. Technical reviewers will also be responsible for submitting pre-installation engineering analyses, site reports and M&V reports to the POT.

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Measurement & Verification (M&V)

The M&V Manager will review and approve M&V plans submitted by the Technical Review Team. Every project will be considered for within-program M&V. The M&V Manager will review pre-metering and post-metering data, as well as approve engineering analysis, reports and final M&V savings reports.

Sales and Marketing

Achieving the EE/DR Programs and CHP Program goals requires that the existing broad spectrum of Con Edison and NYSERDA resources are aligned to penetrate the Con Edison customer base. Contractors, market partners, and other resources working with Con Edison and NYSERDA staff on implementation, sales and marketing will be utilized to quickly animate the market and drive sales for new projects by promoting the new IPEC Incentives available through the EE/DR Programs.

The EE/DR Programs will focus sales and marketing on high demand end users, project developers with large portfolios, and other stakeholders who are in a position to influence and achieve demand reductions. The EE/DR Programs are designed to generate new opportunities and expand the scope of existing Energy Efficiency Portfolio Standard (“EEPS”) or T&MD funded projects. Working with vendors and equipment manufacturers who maintain a New York presence will provide an opportunity to motivate customers who are already considering demand-reduction solutions. The IPEC Incentives will help close deals to accelerate demand reduction. Focusing on projects that achieve large peak demand reduction, integrate multiple measures and include demand management controls will simplify the sales and processing of the projects.

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A shared Customer Resource Management (“CRM”) tool⁴ will facilitate information flow during the acquisition and deployment stages of project development, including lead-management among sales teams, prioritization of sales opportunities and tracking of customer relationships and projects.

The program will utilize relevant customer research and data to prioritize and customize messaging and marketing activities based on energy consumption habits. It will leverage previous energy efficiency activities and engagement with either NYSERDA or Con Edison to attract the most opportunistic customers and prospects.

Sales and marketing channels and materials will include (but not be limited to): one on one meetings between key program staff and larger customers in the Con Edison service territory, partnership development with associations and organizations, joint marketing and participation at events that are attended by owners and operators of large buildings, refined web/internet messaging, targeted online and print advertisements, social media and public relations.

Target Customers

Con Edison and NYSERDA will coordinate project development with large building owners and managers in the commercial, industrial and institutional sectors. Sales will focus on appropriate high-level personnel representing customers with high peak demand. These customers frequently have the load profile that is most commonly responsible for system peak loads, and therefore serve as the primary customer that Con Edison and NYSERDA will seek to engage in the EE/DR Programs. In addition to the principal owners and tenants of these spaces, Con Edison and NYSERDA will target facility managers and building engineers to encourage

⁴ Customer information exchanged between the companies will be subject to the customer privacy requirements that are currently being addressed by Con Edison and NYSERDA.

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installation of new energy efficient technologies and adoption of best operating practices, as they are frequently the first line decision makers with respect to facility energy uses.

Con Edison and NYSERDA will target various market partners, including energy service companies, key equipment vendors and project developers, as potential program applicants and as a means of increasing program awareness. Con Edison and NYSERDA also will target other appropriate opportunities that have the potential to achieve large peak demands.⁵ In some cases these customer types may be integrated into the demand reduction program using aggregator services that combine the effective load of multiple, smaller-load customers.

Customer Engagement

From the customer or program participant's perspective, the EE/DR Program experience will be as follows, with coordinated support provided as described in the previous section.

1. The sales team will contact customers to offer enhanced incentives, explain program changes and suggest key demand reduction measures where applicable to a customer's facility. Sales team representatives will help customers submit application packages and understand program/measure eligibility criteria as well as the overall participation process.
2. The POT will review completed applications, assess estimated incentives values and control documentation designating the customer's committed incentive funds and associated M&V plans.
3. The Technical Review team will schedule onsite inspections before and after the project implementation process. The technical reviewers, via the sales team and in coordination

⁵ For example, potential market segments may include multifamily, aggregated residential, and new construction.

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with the POT, will provide the analysis strategy to the customer of the anticipated energy and demand savings associated with their project scope.

- 4. Incentives will be paid based on a schedule appropriate to the project(s) in question.

Project completion will be determined after a post commissioning review by the Technical Review Team and subsequent review by the M&V Manager. For select projects, a portion of incentive funds will be withheld, where appropriate, until approval of M&V results and final savings by the M&V Manager.

Budget

The operating budget for the EE/DR Program excluding incentives and services is as follows:

TABLE 1	EE/DR Budget
Operating Costs	\$58 million

Customer Incentives

Customer Incentive Overview

Existing incentives offered by Con Edison and NYSERDA through EEPS and NYSERDA’s T&MD programs will remain in effect. Where current programs between Con Edison and NYSERDA may overlap or be structurally different from each other, incentives and program implementation plans will be equalized and aligned to ensure that customers are offered consistent incentive packages. Specifically, Con Edison will align its Commercial & Industrial (“C&I”) custom program offerings and incentives to NYSERDA’s C&I custom offering.

Incentive Structure

IPEC incentives, including project-level “bonus” incentives, are designed to encourage greater MW savings from projects that fulfill the Program eligibility and scheduling

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requirements. IPEC incentives will be committed and paid on a dollar per kW basis. “Bonus” incentives will be paid for large projects and add an additional amount to the total dollar per kW incentive. “Bonus” incentives will be paid based on a first installed, first paid basis. The IPEC incentive rates will be subject to change based on market conditions and progress toward the program’s goal. Up-to-date incentives rates will be available on the shared program and interim websites and announced to the market.

All projects will be required to submit a project application. Once the project application has been reviewed (from both a technical and programmatic perspective) and approved, the customer will be given notice that the project has been approved and will be informed of the incentive for the overall project and/or incentives for individual demand-reduction measures used in the project as stated by the POT. Incentive rates will not be subject to change for that project thereafter, but realized incentive value will be dependent upon the project’s final demand reduction performance. Committed funds will be reserved and adjusted to accurately reflect realized savings at project completion. Projects may be subject to measurement and verification prior to final incentive payment.

The approximate EE/DR customer incentive budget is scheduled as follows:

TABLE 2	Total IPEC Market Forecast MW	EE/DR Budget (in Millions)
Load Management	44	\$77
Permanent Demand	40	\$54
Fuel Switching	16	\$15
Performance and Verification Services		\$15
Total	100	\$161

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Program Metrics

Cost Effectiveness

The Commission determined that the benefits of the Plan's projects will exceed the costs, referring to Staff's analysis showing a net resource cost savings to customers of \$182 million over 15 years.⁶

Accounting Practices

The MAC will be modified and managed as per the amendment to the Company's Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the "Tariff"), applicable to its customers in the City of New York and the County of Westchester. The updated Tariff leaf No. 343, has a proposed effective date of February 20, 2014.

The IPEC Order directs the Company to advance up to \$285 million of funds for the IPEC EE/DR/CHP programs and amortize the costs of the programs over ten years. Con Edison will apply its Pre-Tax Cost of Capital Rate to the unrecovered deferred balances. In the electric Joint Proposal pending before the Commission in Case 13-E-0030, the Pre-Tax Cost of Capital is 9.94% for 2014 and 9.98% for 2015.

Accounting practice will prescribe that the incurred and committed expenditures be tracked and reported. Such expenses will be further delineated as either Con Edison or NYSERDA expenses.

NYSERDA costs associated with EE/DR/CHP IPEC Incentives and services will be paid utilizing existing program budgets (EEPS and T&MD) and reconciled at future date(s) with IPEC funds collected via the MAC. To receive such funds, NYSERDA will present a reconciliation of costs incurred as part of the EE/DR/CHP programs, and Con Edison will reimburse the reconciled amount. Con Edison relies upon existing State controls and processes

⁶ IPEC Order, pp. 26-27.

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to maintain complete and accurate accounting. Under the Public Authorities Law, NYSERDA is subject to independent auditing requirements and NYSERDA retains the services of independent auditing firms that review NYSERDA's financial statements annually. In addition, NYSERDA has created an internal audit function that reports directly to the Authority's audit and finance committee. Further, the independent Authorities Budget Office, created under the Public Authorities Law, has the statutory authority to review the operations, practices and reports of public authorities.

Incurred expenses will be scheduled for collection during the remaining years of the amortization period.

Quality Assurance, Measurement & Verification and Evaluation

Con Edison and NYSERDA will form a M&V team to administer within-program M&V analyses for projects. The team will utilize existing technical services providers and, if needed, hire additional resources to conduct M&V assessments. The M&V analyses will, among other things, utilize pre- and post-installation metered data, and will provide confirmation of calculated energy savings and the impact of the IPEC initiative on the electric grid. The M&V analyses will comply with the International Performance Measurement and Verification Protocol ("IPMVP") Concepts and Options for Determining Energy and Water Savings.⁷ Where appropriate, tools with less impact on customers, but which still provide valid performance data points, such as virtual buildings audits, will be deployed.

Con Edison and NYSERDA staff will collaborate on a proposed plan for third-party evaluation activities to be presented to Staff for review. Third-party evaluation will build upon

⁷ <http://www.nrel.gov/docs/fy02osti/31505.pdf>.

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within-program M&V activities described herein and will likely examine both program impacts and processes.

Tracking Utility Benefits

The IPEC EE/DR/CHP programs will create value for utility customers in the Con Edison Service territory by reducing demand and relieving upward pressure for future utility capital costs. This is an important benefit of the Plan and it necessitates a robust and up-to-date Project Database that is integrated with other utility data platforms. In distribution planning, the Project Database will be used for mapping Plan load reductions onto network planning maps. The impact of IPEC load reductions in certain networks will be considered by utility planners in planning or deferring utility capital activities. Additionally, performance data for projects receiving combined IPEC, EEPS and/or T&MD funding will be tracked for contribution toward all relevant goals.

Reporting Requirements

The Program Administrators will submit Quarterly reports to Staff, 30 days after the close of each quarter, quantifying the following critical program elements:

- Project applications received/approved
- Committed peak demand reductions
- Committed customer incentives
- Incurred/committed program costs (miscellaneous, including marketing and staffing)
- Achieved peak demand reductions

CHP Implementation Plan

Introduction

The CHP component of the IPEC Program was authorized by the Commission in the IPEC Order and is designed to achieve operational systems in the Con Edison electric service territory by May 1, 2016 consisting of 25 MW of CHP above and beyond what existing NYSERDA programs are expected to deliver in the same timeframe.

NYSERDA will administer the CHP Program portion of the Plan. The IPEC funding will be incorporated into the CHP Acceleration Program, which was launched in 2012 as part of the T&MD System Benefits Charge Phase 4 program (“SBC4”).⁸ In essence, this will result in an expansion of the T&MD CHP Acceleration Program’s budget via the addition of IPEC funds. There will be no change to the CHP Program structure, incentive format, or incentive rates. Urgent uptake of CHP will be fostered through the launch of additional marketplace nurturing activities, primarily a number of new Outreach and Technical Assistance activities, such as a series of matchmaking CHP Expo events, and coaching services for prospective customers.

The CHP Program funds will be used for (a) incentives to partially underwrite the cost to build projects, (b) Outreach Contractors, (c) Technical Assistance Contractors, and (d) administrative costs including but not limited to NYSERDA staff salaries and overhead expenses, NYS Cost Recovery Fee, and Program Evaluation.

⁸ The CHP Acceleration Program was authorized by NYSPSC under Case 10-M-0457 in Orders issued and effective October 24, 2011, and December 17, 2012. NYSERDA launched the T&MD CHP Acceleration Program via Program Opportunity Notice 2568 (PON 2568) and companion Request For Information 2568 (RFI 2568).

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CHP Program Incentives and Incentive Structure

In order to be eligible for IPEC Incentives, a project must be located at a customer's site in Con Edison's electric service territory where the customer pays the Plan portion of the MAC. The CHP Acceleration Program (PON 2568) also provides incentives solely funded by the T&MD Budget for CHP projects located at a customer's site in Con Edison electric service territory where the customer at that site will not pay the Plan portion of the MAC (such as the preponderance of NYPA customers) as long as the customer either pays the SBC Electric Surcharge, or the SBC Gas Surcharge on the natural gas that will be used to fuel the CHP system. To be eligible for incentives, a project must be in the size range of 50 kW through 1.3 MW.

Measures eligible for incentives will be limited to pre-approved and conditionally-approved pre-engineered natural gas-fueled CHP modules vetted via RFI 2568 and subsequently enrolled in PON 2568 (this will be an evolving list, it was launched with 36 items offered by 8 vendors, and has been revised once so far to now include 64 items offered by 10 vendors). These CHP modules will include a base-load CHP component, and may also include a dispatchable/redundant CHP component (e.g., an "N+1" component as specified in PON 2568) which would be expected to be operational during grid system peak and/or an absorption chilling component which will be credited toward program goals based on its electric-air-conditioning-equivalency. The base-load capacity plus any redundant capacity plus any air-conditioning-equivalency will be incentivized from the CHP Program budget and will result in MW claimed by the CHP Program toward the CHP Program's 25 MW goal.

The incentive structure of PON 2568 consists of a base incentive plus two possible bonus incentives (as defined in PON 2568: Critical Infrastructure and/or Targeted Zones). PON 2568 has a per-project maximum award cap of \$1.5 million. PON 2568 specifies that incentive

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payments will be made as follows: (1) 33% of “the base incentive and Critical Infrastructure bonus (if eligible)” when NYSERDA accepts certain design documents/proof of progress with permitting, and major equipment has been delivered to the site or approved staging area; (2) 33% of “the base incentive and Critical Infrastructure bonus (if eligible)” when the CHP System is fully installed including interconnections to building systems and final electric and gas interconnect approvals have been obtained; and (3) the remainder of “the base incentive and Critical Infrastructure bonus (if eligible)” when the CHP system is fully commissioned and operational and reporting/inspection/data transmittal achieved. In addition, if the project is eligible for a Targeted Zone bonus and the CHP system is fully operational prior to May of the target year, the Targeted Zone bonus will be paid at this time.

The NYSERDA CHP incentive program (PON 2568) will have a blend of T&MD funds and IPEC funds. While both sources of funds are available, projects located in the Con Edison Electric Service Territory will be paid incentives consisting of a blend of these funds, as appropriate. Use of a payment blend mechanism is intended to facilitate the leveraging of IPEC resources on top of T&MD, as opposed to displacing T&MD resources. As with the EE/DR programs, between the date this Plan is filed and a future date agreed to by Con Edison and NYSERDA, NYSERDA will use cash on hand from existing programs (e.g., EEPS and T&MD) to make incentive commitments for the CHP program, make payments relative to those commitments when projects are completed, cover administrative and contractor costs and cover associated expenses until such time that there is a reconciliation with the MAC.

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CHP Program Costs

The CHP Program budget is \$66 million, consisting of \$40 million for incentives to partially underwrite the cost to build projects, \$16 million for Outreach Contractors/Technical Assistance Contractors, and \$10 million administrative costs.

If the CHP Program reaches a point where it is showing greater uptake with less reliance on Outreach Contractors and/or Technical Assistance Contractors than initially anticipated, NYSERDA in consultation with Staff shall have the discretion to reallocate funds from the \$16 million Outreach Contractors/Technical Assistance Contractors pool into the \$40 million incentives pool, and consider the impact, if any, on a revised CHP goal.⁹

Description of CHP \$16 million for Outreach Contractors/Technical Assistance Contractors

Outreach Contractors will include but are not limited to Expo Event Coordination and Marketing activities intended to engage prospective customers and the consulting engineers/architects who specify CHP on their behalf, with the cadre of pre-approved/conditionally-approved CHP vendors that are enrolled in PON 2568. These are very important functions to accelerate customer acquisition. Such expos will be repeated at venues in each of the different Boroughs and in Westchester County, in order to leverage the membership draw of local allies such as Chambers of Commerce, local Economic Development Corporations, and other community groups. Additionally, Outreach activities may include periodic CHP Conferences intended to inform the CHP stakeholder community on latest trends affecting CHP

⁹ As indicated in the IPEC Program Filing dated 6/19/2013 "... if the Outreach effort proves very effective early in the program and facilitates sufficient customer acquisition, but those customers materialize overwhelmingly on the smaller end of the CHP size spectrum, the \$40 million budget for direct incentives to customers may not be sufficient to achieve the 25 MW goal and thus a reallocation of funds out of the Technical Assistance Contractors/Outreach Contractors pool and into the direct incentives pool would be appropriate ... budgeted for a portfolio-average direct incentive to customers at \$1,600/kW and, in order to capture the economies-of-scale, uses a sliding scale of baseline incentives ranging from 50 kW at \$1,800/kW to 1.3 MW at \$1,150/kW. Additionally, two bonuses are available either singly or jointly, consisting of a 10% bonus for systems installed at critical facility sites, and/or a 10% bonus for CHP systems installed within Con Edison's Targeted Zones."

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implementation, such as financing options, interconnection provisions, tariff structures, and the like.

Technical Assistance Contractors will include but are not limited to Customer Advisors (including general options for all prospective constituents, as well as specific advice regarding backpressure turbine CHP to a select subset of customers of Con Edison Steam Business), Site Inspectors, Performance Data Website Administrators, Re-commissioning Agents, and Program Administration Advisors. CHP Technical Assistance Customer Advisor Contractors will make referrals to the IPEC EE/DR Sales and Marketing Contractors as appropriate, will receive referrals from the IPEC EE/DR Sales and Marketing Contractors as appropriate, and together with the IPEC EE/DR Sales and Marketing Contractors will jointly engage in customer site visits as appropriate.

In general, these CHP Outreach Contractors, and CHP Technical Assistance Contractors, will be selected via competitive procurement, and the exact cost for such services will be determined based on the bid prices of proposals received. Thus, at this time, this Plan does not further delimit the sub-use allocations of the \$16 million pool of funds. Nevertheless, in order to create and communicate appropriate expectations, it is anticipated that the largest use of these funds will be for the re-commissioning activities, followed by the customer advisory activities, and then the expo logistics/marketing activities.

CHP Program Quality Assurance and Measurement & Verification Requirements

A primary driver of project quality is the program design of PON 2568/RFI 2568, which conducts a stringent review of each CHP module's design prior to admitting it to the eligibility list and conducts a sizing analysis for each project in order for there to be a proper match of the building's needs relative to the CHP module's capabilities. Furthermore, PON 2568 requires the

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CHP Vendor to take single-point bumper-to-bumper responsibility for the successful installation and commissioning of the project and proper maintenance for the first five years of operation.

Pursuant to the requirements of PON 2568, all CHP projects will undergo inspection by NYSERDA and/or NYSERDA's designated agent upon installation. A significant portion of the incentive payment is contingent upon a satisfactory outcome of such inspection and receipt of performance data.

All CHP projects will collect performance data on an hourly basis with updates furnished to NYSERDA each day for posting on NYSERDA's CHP Data Website. Each project's performance will also be reported to the IPEC Project database to aid in utility planning. Each project's compendium of performance data will be assessed during a re-commissioning event to be conducted by NYSERDA's designated agent during the sophomore year of post-installation operation. The re-commissioning agent will also review the project's Commissioning Report and conduct a site inspection and interviews of the CHP Vendor and the building owner/operator representatives. A re-commissioning report will be prepared identifying opportunities for system improvements and operational refinements.

The CHP Program will be subject to Program Evaluation either in conjunction with or apart from Program Evaluation to be conducted under T&MD regarding the CHP Acceleration Program.

CHP Program Reporting Requirements

Quarterly reporting will be provided to Staff, 30 days after the close of quarter, documenting:

- Project Applications received / approved;
- Achieved peak demand reductions;
- Committed peak demand reductions;

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- Committed project incentives; and
- Incurred / committed program costs (incentives to partially underwrite the cost to build projects, Outreach Contractors/Technical Assistance Contractors, and administrative costs).