

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made by and among [], with its principal place of business at [] (“Participant”) and Vermont Energy Investment Corporation d/b/a Efficiency Vermont, with its principal place of business at 128 Lakeside Avenue, Burlington, Vermont 05401 (“Efficiency Vermont”). This MOU defines the working relationship between Participant and Efficiency Vermont during the period that Participant participates in the Energy Savings Account Pilot Program (“ESA Pilot”). The full term of the ESA Pilot is for the period of July 1, 2019 through June 30, 2022.

Participant wishes to participate in the ESA Pilot. This MOU provides background information on the ESA Pilot program, and then outlines the agreement between Efficiency Vermont and Participant related to Participant’s participation in the ESA Pilot and Efficiency Vermont’s provision of ESA Pilot-related services to Participant.

I. Background – The ESA Pilot Program

Establishment of the Pilot Program

Section 2 of Public Act 150 of the 2018 Vermont legislative session requires the Vermont Public Utility Commission (“PUC”) to establish an Energy Savings Account partnership pilot program. The PUC opened Case No. 19-0302-INV to establish the pilot program and a methodology for evaluation, measurement and verification (“EM&V”) of projects in the pilot program. By order issued May 16, 2019, the PUC established the ESA Pilot program along with some, but not all, of the program requirements; additional ESA Pilot details, including EM&V methodology, are expected to be addressed in a further order or orders in the PUC proceeding.

ESA Pilot Funds

Participants must continue to pay their Energy Efficiency Charge (EEC) while participating in the ESA Pilot. An ESA participant may receive an amount up to 100 percent of its ESA account balance as it is collected to pay for the cost of eligible efficiency projects and related technical assistance and evaluation, measurement, and verification services from Efficiency Vermont or other contractors. The ESA account balance is equivalent to the amount of EEC paid by the Participant during the term of the ESA Pilot (July 1, 2019 through June 30, 2022).

At the end of the ESA Pilot, any funds in the participant’s ESA account balance that have not been expended or committed under the ESA Pilot revert to use for systemwide energy efficiency programs and measures.

Eligible Projects

Efficiency projects that are eligible for funding under the ESA Pilot include the following categories of projects: electric energy efficiency; thermal energy and process-fuel efficiency for unregulated fuels; energy productivity measures;¹ demand management; and energy storage that provides benefits to the customer and its interconnecting utility. For efficiency projects to be eligible for reimbursement, they must pass a societal cost-effectiveness screening, currently under development. Screening, evaluation, measurement, and verification activities conducted by Efficiency Vermont are required to be paid by Participant. In

¹ As set forth in Act 150, “‘energy productivity measures’ means investments that reduce the amount of energy required to produce a unit of product below baseline energy use. Baseline energy use shall be calculated as the average amount of energy required to make one unit of the same product in the two years preceding implementation of the program or measure.”

addition, if the Participant is a manufacturer that purchased regulated fuel in excess of 600,000 thousand cubic feet (MCF) in 2017, EEC funds may be used for thermal energy and process-fuel efficiency for regulated fuels (i.e., natural gas).

Pilot Process

The following are the principal milestones in the ESA Pilot.

- **Energy Management Plan.** An ESA Pilot participant must develop an energy management plan (EMP) for the three-year period of the ESA Pilot. The EMP will propose projects to be implemented, including energy savings targets and a timeline for projects and investments. The participant must submit a copy of the EMP to the PUC, the Department of Public Service (“Department”), and the Agency of Commerce and Community Development (“ACCD”).
- **Project Screening.** The Participant is responsible for selecting which projects will move forward to implementation; however, *only projects that pass cost-effectiveness screening will be eligible for reimbursement under the ESA Pilot.* Each project identified in the EMP will be screened by Efficiency Vermont and Vermont Gas Systems (for Vermont Gas Systems customers only) to determine societal cost-effectiveness, energy savings, and non-energy benefits such as economic development. Some aspects of screening methodology are currently under development by the Department and are subject to approval by the PUC.
- **Project Implementation and Payment.** An ESA participant may be reimbursed prior to project completion for work associated with project implementation, technical assistance, and/or screening projects in the EMP. However, the participant shall not receive payments that exceed the amount of EEC funds that the participant has already paid into its ESA during the pilot period.
- **Annual Reports.** On or before each November 1 from 2020 through 2022, the ESA participant and Efficiency Vermont jointly will prepare written reports detailing the progress of the participant’s ESA Pilot Program for the period from July 1, 2019, through June 30 of the then-current year. The participant and Efficiency Vermont will jointly submit the annual progress reports to the PUC, the Department, and the House Committee on Energy and Technology and the Senate Committees on Finance and on Natural Resources and Energy (“standing committees of jurisdiction”). The annual reports will include total ESA-related investments and associated energy and cost savings, and economic development and other non-energy benefits. Annual reports will be made public. However, the ESA participant may request that the PUC order specific data in the report to be kept confidential if the data would qualify for exemption from disclosure under 1 V.S.A § 317.
- **Program Evaluation.** After the completion of the ESA Pilot, the Department will conduct an independent evaluation of the program. The evaluation will analyze job creation and retention, energy savings, total energy cost reductions, energy productivity measures, amount of capital applied and leveraged, greenhouse gas reductions, and other criteria as defined by the PUC. The evaluation will also study the effects of the pilot on other rate payers. The results of the evaluation

will be used by the Department to submit a written recommendation to the PUC and the standing committees of jurisdiction on whether to continue the program.

Ineligibility for Other Efficiency Vermont Programs

ESA Pilot participants are not eligible to receive services from Efficiency Vermont's other programs.

II. Agreement between Efficiency Vermont and Participant

To facilitate the Participant's participation in the ESA Pilot and Efficiency Vermont's support of the ESA Pilot, the Parties agree to the following requirements.

1. Efficiency Vermont Services

- a. **Required Efficiency Vermont Services.** Under Act 150 and PUC orders to date, Efficiency Vermont is required to provide certain services for participants' involvement in the ESA Pilot, including working with participants in their development of energy management plans, conducting cost-effectiveness screening of potential projects, and evaluation, measurement and verification of completed projects. The scope of required Efficiency Vermont services may change based on additional PUC orders or legislative enactments.
- i. For all services that Efficiency Vermont is required to provide for Participant's participation in the ESA Pilot, Participant will pay Efficiency Vermont standard hourly rates (as may be modified from time to time) and reimbursable expenses for these services. As of the date of this MOU, Efficiency Vermont standard hourly rates are as follows:

Efficiency Vermont Service Provider	Current Hourly Rate
Energy Consultant	\$75.00
Senior Energy Consultant	\$100.00
Account Manager	\$95.00

The following expenses are reimbursable under this agreement: mileage which will be reimbursed at the IRS-approved mileage rate for use of a personal automobile; parking; rental car; meals; photocopying; and, in the event of out-of-state travel, lodging, airfare, and other travel expenses.

- ii. Efficiency Vermont will invoice Participant monthly for the Required Efficiency Vermont Services. The monthly invoices will detail the name and title of staff, hours being billed, hourly rate, and line item detail of reimbursable expenses and receipts for all reimbursable expenses.

If invoices are submitted by mail they should be sent to:

[Name and address of Participant]

If submitted via e-mail invoices should be sent to [appropriate Participant e-mail address].

- iii. Participant will pay Efficiency Vermont's monthly invoices within 30 days. Participant will be responsible for paying Efficiency Vermont for these required services in a timely manner even if funds in Participant's ESA account are not sufficient to reimburse Participant, and even if the services were provided in relation to a project that does not pass cost-effectiveness screening and thus is not eligible for funding under the ESA Pilot program.

b. **Optional Efficiency Vermont Services.** In addition to providing required services, Efficiency Vermont is available at the election of the Participant to provide certain additional, optional services, including assistance in the development, planning, and scoping of energy projects during the ESA Pilot. However, Participant may not hire Efficiency Vermont to provide services of licensed professional architects and engineers.

- i. These optional services will be detailed in a separate agreement between Participant and Efficiency Vermont. Under that agreement Participant will pay Efficiency Vermont standard hourly rates (as may be modified from time to time) and reimbursable expenses for the optional services. As of the date of this MOU, Efficiency Vermont standard hourly rates are as follows:

Efficiency Vermont Service Provider	Current Hourly Rate
Energy Consultant	\$75.00
Senior Energy Consultant	\$100.00
Account Manager	\$95.00

The allowed reimbursable expenses will be specified in the agreement for the optional services.

- ii. The agreement for the optional services will require Participant to pay Efficiency Vermont in a timely manner even if funds in Participant's ESA account are not sufficient to reimburse Participant, and even if the services were provided in relation to a project that does not pass cost-effectiveness screening and thus is not eligible for funding under the ESA Pilot program.

2. **Submission of EMP to Efficiency Vermont.** When Participant submits its Energy Management Plan to the PUC, the Department, and ACCD, it will also submit it to ESAInfo@EfficiencyVermont.com.

3. **Reimbursement of Participant's Project Costs from ESA Account**

- a. Each month, Participant shall inform Efficiency Vermont of the amount of Participant's monthly ESA contributions and current ESA balance (see attachment YY for sample format).
- b. To receive project reimbursements for costs that the Participant has paid for eligible projects, Participant shall submit monthly invoices to Efficiency Vermont. Invoices must identify the project and be accompanied by documentation, including receipts, to support all labor costs, material costs, and subcontractor/vendor costs (including costs for Efficiency Vermont services) that the Participant has paid for eligible projects. See appendix YY for invoice format.
- c. Efficiency Vermont may follow up with the Participant for clarifying details or additional information to complete reimbursement requests. Incomplete requests and projects that are not cost-effective will not be approved until such time all information has been provided and cost-effectiveness demonstrated.
- d. If Participant's cost-reimbursement requests are complete and projects cost-effective, Efficiency Vermont will approve the expenses and forward the approval to the Department, which may then direct the Fiscal Agent to make payments to Participant subject to the availability of funds in Participant's ESA account balance.

4. Ineligibility for Other Efficiency Vermont Program Services

As noted in the Background section above, ESA Pilot participants are not eligible to receive services from Efficiency Vermont's other programs; these other Efficiency Vermont services include but are not limited to Efficiency Vermont-funded rebates, discounts and other incentives (collectively, "incentives") for energy efficient technology. Accordingly, Participant agrees not to seek Efficiency Vermont efficiency services and incentives outside of the ESA Pilot, and consents to allow Efficiency Vermont to inform retailers, distributors, manufacturers and contractors that provide equipment or services discounted by Efficiency Vermont incentives that Participant is participating in the ESA Pilot and therefore ineligible for Efficiency Vermont incentives. Should Participant receive an Efficiency Vermont non-ESA incentive during the term of the ESA Pilot, the Participant will be billed, and will pay Efficiency Vermont, for the value of the incentive plus any labor cost incurred in Efficiency Vermont's processing of the incentive.

5. Compliance with Regulatory and Legislative Requirements

The provisions set forth in this MOU shall be subject to all applicable rules and orders issued by the PUC and all applicable enactments of the Vermont legislature. Participant and Efficiency Vermont agree to amend this MOU to the extent necessary to comply with any applicable rule or order issued by the PUC or enactment of the Vermont legislature.

6. Duration

This MOU shall remain in effect through December 31, 2022, unless terminated pursuant to the "Termination" section below.

7. Termination

- a. Should the Participant wish to terminate its participation in the ESA Pilot prior to the end of the three-year program period, it must do so in accordance with any requirements established by the PUC.
- b. Vermont Energy Investment Corporation operates the Energy Efficiency Utility known as Efficiency Vermont under an Order of Appointment issued by the PUC. If the Order of Appointment is terminated for any reason whatsoever then this MOU shall automatically terminate on the same date as the Order of Appointment.
- c. Termination of this agreement shall not affect Participant's obligation to pay Efficiency Vermont for services rendered under this MOU.

8. Modification

No changes, modifications, amendments or extensions to this MOU shall be effective unless reduced to writing and signed by the duly authorized representatives of the Participant and Efficiency Vermont.

9. Disputes

Any disputes arising out of this MOU that cannot be amicably settled between the parties shall be brought to the Vermont Public Utility Commission for resolution.

IN WITNESS WHEREOF the parties do hereby execute this Agreement as of the _____.
Date

Efficiency Vermont

By: _____

Name: Rebecca Foster

Title: Director, Efficiency Vermont

[_____] **Name of Participant Business**

By: _____

Name: _____

Title: _____