

ENERGY CONSERVATION AGREEMENT
executed by the
BONNEVILLE POWER ADMINISTRATION
and
CUSTOMER_NAME

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This ENERGY CONSERVATION AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and the CUSTOMER_NAME, (Customer_Name), a _____ organized under the laws of the State of _____, and may be referred to individually as “Party” or collectively as “Parties.”

RECITALS

BPA is required by the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. §§ 839-839h (Northwest Power Act), to meet the net firm power load requirements of its customers in the Pacific Northwest.

BPA is authorized to acquire Conservation to reduce the firm power load requirements of its customers in the Pacific Northwest.

BPA offers a portfolio of initiatives and infrastructure support activities to ensure the conservation targets established in the Northwest Power and Conservation Council’s Sixth Power Plan are achieved.

Beginning October 1, 2009, BPA will transition to two-year rate periods. Understanding that conservation projects can extend beyond two years, BPA offers this Agreement to provide long-term certainty to customers implementing Conservation projects and programs.

This Agreement is an overarching agreement that incorporates the requirements of the Conservation Rate Credit and Conservation Acquisition Agreement Implementation Manual (Implementation Manual), or its successor. This Agreement includes an Implementation Budget intended to satisfy BPA's obligations during the term of this Agreement, including obligations during rate periods where a conservation rate credit may not be available. Assurance of funding through this Agreement is intended to encourage BPA's customers to continue implementation of their conservation programs and projects.

Customer_Name intends to install cost-effective Measures within its service area, producing a quantity of cost-effective Energy Savings, and report such achievements in the Planning, Tracking and Reporting (PTR) system, or its successor.

The Parties agree as follows:

1. TERM

This Agreement takes effect on the date signed by both Parties (Effective Date), and expires on September 30, 2011, unless terminated earlier as provided in section 6, Termination. Except as provided for in section 3(c), all liabilities shall remain until satisfied.

2. DEFINITIONS

All capitalized terms used in this Agreement shall have the following meaning:

- (a) "Completed Unit" means a Unit that is properly installed, operating and, when applicable, commissioned in accordance with the manufacturer's requirements and specifications for normal operations and, as applicable, has met specifications and requirements set forth in the Implementation Manual, or its successor, and the PTR system.
- (b) "Conservation" means any reduction in electric energy consumption resulting from an increase in the efficiency of electric energy use, production or distribution.
- (c) "Consumer" means any end user of electric energy in Customer_Name's service area that contributes to Customer_Name's total retail load.
- (d) "Custom Project" means Conservation projects, which may include a single measure or several measures, for which BPA does not have a deemed reimbursement level, a deemed Energy Savings amount, or for which cost-effectiveness has not been determined.
- (e) "Energy Savings" means the ascribed, deemed, calculated, estimated, evaluated, or verified Conservation, in first year kilowatt-hours (kWh) attributable to Completed Units.

- (f) “Fiscal Year” means the period beginning each October 1 and ending the following September 30.
- (g) “Implementation Budget” means the amount of money BPA shall make available to Customer_Name, included in Exhibit A, to expend on Implementation Costs during the Implementation Period.
- (h) “Implementation Costs” means the sum of all or part of the actual total costs to install or implement Measures that result in Completed Units.
- (i) “Implementation Period” means the period of time from the Effective Date through the term of this Agreement.
- (j) “Measure(s)” means materials or equipment installed, or activities implemented, to achieve Conservation.
- (k) “Other Requirements” means any revision, restriction, or alteration, which BPA may impose on any Measure as a result of any directive or order of any court or regulatory agency of competent jurisdiction, or the result of a final record of decision of any process conducted by BPA pursuant to the National Environmental Policy Act.
- (l) “Program(s)” means a collection of Projects targeted to an end-use customer segment or sector to achieve conservation
- (m) “Project(s)” means a collection of Measures installed at a customer site to achieve Conservation.
- (n) “Unit” means any Measure or combination of Measures that achieve Conservation.
- (o) “Work in Progress” means Units committed to by Customer_Name, the installation of which has not been completed to make such Units Completed Units.

3. PURCHASE OF ENERGY SAVINGS

- (a) BPA agrees to provide reimbursement and, if available, accept claims toward a conservation rate credit provided for the purchase of Energy Savings. Customer_Name agrees to sell to BPA the Energy Savings from Completed Units installed in accordance with this Agreement
- (b) Customer_Name may request additional Implementation Budget at any time during the term of this Agreement. If BPA approves the request, BPA shall send a revised Exhibit A to Customer_Name.
- (c) Unless otherwise agreed to in writing by BPA, BPA shall not be obligated to pay for Energy Savings from Completed Units delivered after the Implementation Period.

- (d) In the event a conservation rate credit is not available during the term of this Agreement, Customer_Name may report Completed Units and BPA shall provide reimbursement from the Implementation Budget in Exhibit A.
- (e) If BPA agrees to expand the terms of this Agreement, BPA shall provide notice of such changes to Customer_Name.
- (f) The reimbursement rate is included in Exhibit A.
- (g) The Parties agree to meet no less than 4 months prior to September 30, 2011 to review and if agreed revise the terms of this Agreement.

4. IMPLEMENTATION BUDGET

- (a) On the Effective Date of this Agreement Customer_Name is authorized by BPA to incur Implementation Costs in an amount equal to the Implementation Budget in Exhibit A.
- (b) The Implementation Budget provided by BPA in Exhibit A shall be available to Customer_Name for the term of this Agreement, except as provided in section 3(c) and section 6, Termination.
- (c) Unless otherwise agreed to in writing by BPA, BPA shall not be obligated to pay Implementation Costs in excess of the Implementation Budget in Exhibit A.
- (d) BPA may, but is under no obligation to, supplement the Implementation Budget in Exhibit A.
- (e) Unless otherwise specified in this Agreement, Customer_Name shall release BPA of its obligation for the balance of any Implementation Budget remaining upon conclusion of the Implementation Period.

5. PROJECT IMPLEMENTATION

- (a) The Implementation Manual, or its successor, and any changes made to the Implementation Manual or its successor are incorporated by reference into this Agreement.

- (b) Customer_Name shall:
- (1) install deemed Units in accordance with the requirements of the Implementation Manual or its successor;
 - (2) cause only cost-effective Measures from Programs identified in Exhibit B to be installed using the Measurement and Verification Plans from Exhibit C for such projects;
 - (3) apply the Simplified Cost Effective Limits in Exhibit D to all Projects from Programs identified in Exhibit B prior to reporting such Measures to BPA;
 - (4) report Completed Units in accordance with the requirements of the Implementation Manual or its successor;
 - (5) submit invoices for bi-lateral funds no more often than monthly; and
 - (6) implement this Agreement in accordance with all applicable law(s).
- (c) Customer_Name may sub-contract to provide Completed Units under this Agreement. If Customer_Name does so, Customer_Name shall, by such sub-contract, require that the entity comply with the terms and conditions of this Agreement and all applicable laws.

6. TERMINATION

- (a) Either Party may terminate this Agreement upon thirty days' written notice. Customer_Name shall have one year from the Effective Date of termination pursuant to this section to complete Work in Progress.
- (b) BPA may terminate this Agreement upon thirty days' written notice if Customer_Name:
- (1) has failed to comply with the environmental, technical, or record-keeping requirements;
 - (2) has failed to use any portion of the Implementation Budget in a manner consistent with this Agreement;
 - (3) gives notice to BPA that it will stop placing firm load on BPA pursuant to its existing firm power sales contract, or its successor, for a period of at least one year;
 - (4) gives notice to BPA of its intent to terminate, or terminates such existing or successor firm power sales contract with BPA; or
 - (5) becomes insolvent, files a petition for bankruptcy or reorganization, or assigns substantially all assets to creditors.

- (c) Customer_Name shall not be allowed a completion period for Work in Progress Measures beyond the Effective Date of a notice of termination for a termination under section 6(b).
- (d) If this Agreement is terminated in accordance with section 6(b), Customer_Name shall be liable for all payments for Work in Progress to Consumers and shall pay a reimbursement charge to BPA. The reimbursement charge shall be calculated by BPA using the following formula:

$$R = P*(T-A) \div T$$

Where:

R = Reimbursement to BPA;

P = Total BPA payments to Customer_Name for Implementation Costs to the termination date of this Agreement;

A = Sum of the Energy Savings from all Completed Units for the full Measure life from the date of BPA's payment; and

T = Sum of the Energy Savings from all Completed Units from the date of termination of this Agreement through the remaining life of the Completed Units.

The following conditions apply to the reimbursement charge.

- (1) Energy Savings shall be consistent with the Measure life in the PTR system.
- (2) BPA shall present an invoice to Customer_Name for payment calculated pursuant to section 6(d).
- (3) Customer_Name may reimburse BPA by either:
 - (A) making a lump sum payment within 30 calendar days of the date of BPA's invoice; or
 - (B) making no more than three consecutive equal monthly payments, with the first payment due within 30 days of the date of BPA's invoice and each successive payment is due 30 days after the last due date.

- (4) If Customer_Name reimburses BPA by installments, pursuant to 6(d)(3)(B), then BPA shall charge interest at the prime rate (as listed in the Money Rates section of the Wall Street Journal) on the date of BPA's notice of termination under section 6(b). BPA shall calculate interest for the period of time between the date of the first payment made by BPA to Customer_Name and the date of the last reimbursement payment made by Customer_Name to BPA pursuant to section 6(d)(3)(B).

7. STANDARD PROVISIONS

(a) **Amendments**

Except where this Agreement explicitly allows one party to unilaterally amend a provision or revise an exhibit, no amendment or exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

(b) **Interpretations**

BPA may issue interpretations, determinations, and findings related to this Agreement that are binding on the Parties. Such decisions shall be provided to Customer_Name in writing. In administering this Agreement, only the written statements of BPA officials acting within the scope of their authority shall be considered to be official BPA statements.

(c) **Assignment**

This Agreement is binding on any successors and assigns of the Parties. BPA may assign this Agreement to another Federal agency to which BPA's statutory duties have been transferred. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld. BPA shall consider any request for assignment consistent with applicable BPA statutes.

(d) **Entire Agreement**

This Agreement, including documents expressly incorporated by reference, constitutes the entire Agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

(e) **Order of Precedence**

In the event of conflict, the body of this Agreement shall prevail over the Exhibit of this Agreement.

(f) **No Third Party Beneficiaries**

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

(g) **Severability**

If any term of this Agreement is found to be invalid by a court of competent jurisdiction, then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.

(h) **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

8. GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be interpreted consistent with and governed by federal law. Customer_Name and BPA shall identify issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. Pending resolution of a contract dispute or contract issue between the Parties or through formal dispute resolution of a contract dispute arising out of this Agreement, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable. Unless the Parties engage in binding arbitration as provided for in this section, the Parties reserve their rights to individually seek judicial resolution of any dispute arising under this Agreement.

(a) **Judicial Resolution**

Final actions subject to section 9(e) of the Northwest Power Act are not subject to arbitration under this Agreement and shall remain within the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit. Such final actions include, but are not limited to, the establishment and the implementation of rates and rate methodologies. Any dispute regarding any rights or obligations of Customer_Name or BPA under any rate or rate methodology, or BPA policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement. For purposes of this section, BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application or makes a determination under an applicable statute or regulation. If BPA determines that a dispute is excluded from arbitration under this section, then Customer_Name may apply to the federal court having jurisdiction for an order determining whether such dispute is subject to nonbinding arbitration under this section.

(b) **Arbitration**

Any contract dispute or contract issue between the Parties arising out of this Agreement, which is not excluded by section 8(a) above, shall be subject to arbitration, as set forth below.

- (1) Customer_Name may request that BPA engage in binding arbitration to resolve any dispute. If Customer_Name requests such binding arbitration and BPA determines in its sole discretion that binding arbitration of the dispute is appropriate under BPA's Binding Arbitration Policy or its successor, then BPA shall engage in such binding arbitration, provided that the remaining requirements of this section 8 are met. BPA may request that Customer_Name engage in binding arbitration to resolve any dispute. In response to BPA's request, Customer_Name may agree to binding arbitration of such dispute, provided that the remaining requirements of this section 8 are met. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to BPA's Binding Arbitration Policy or its successor.
- (2) Nonbinding arbitration shall be used to resolve any dispute arising out of this contract that is not excluded by section 8(a) above and is not resolved via binding arbitration, unless Customer_Name notifies BPA that it does not wish to proceed with non-binding arbitration.

(c) **Arbitration Procedure**

Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve an arbitral dispute within one year of initiating arbitration. The rules for arbitration shall be agreed to by the Parties.

(d) **Arbitration Remedies**

The payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section. This shall not be interpreted to preclude the Parties from agreeing to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against BPA.

(e) **Finality**

- (1) In binding arbitration, the arbitration award shall be final and binding on the Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.

- (2) In non-binding arbitration, the arbitration award is not binding on the Parties. Each Party shall notify the other Party within 30 calendar days, or such other time as the Parties otherwise agreed to, whether it accepts or rejects the arbitration award. Subsequent to non-binding arbitration, if either Party rejects the arbitration award, either Party may seek judicial resolution of the dispute, provided that such suit is brought no later than 395 calendar days after the date the arbitration award was issued.

(f) **Arbitration Costs**

Each Party shall be responsible for its own costs of arbitration, including legal fees. Unless otherwise agreed to by the Parties, the arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as the arbitrator(s) deem reasonable taking into account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

9. UNCONTROLLABLE FORCES

The parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force. “Uncontrollable Force” means an event beyond the reasonable control of, and without the fault or negligence of, the party claiming the Uncontrollable Force, that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party’s reasonable care, diligence and foresight, such party was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (a) strikes or work stoppage;
- (b) floods, earthquakes, or other natural disasters; terrorist acts; and
- (c) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Party apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with section 10, Notices and Contact Information.

10. NOTICES AND CONTACT INFORMATION

Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

- (a) delivered in person;
- (b) by a nationally recognized delivery service with proof of receipt;
- (c) by United States Certified Mail with return receipt requested;
- (d) electronically, if both Parties have the means to verify the electronic notice's origin, date, time of transmittal and receipt; or
- (e) by another method agreed to by the Parties.

Notices are effective when received. Either Party may change the name or address for delivery of notice by providing notice of such change consistent with this section. Parties shall deliver notices to the following person and address:

If to [CustomerName]:

[CustomerName]
[ContactAddress1]
[ContactAddress2]
Attn: [ContactName]
[ContactTitle]

Phone: [ContactPhone]
E-Mail: [ContactEmail]

If to BPA:

Bonneville Power Administration
[COTRAddress1]
[COTRCityStateZip]
Attn: [COTRName]

Phone: [COTRPhone]
FAX: [COTRFax]
E-Mail: [COTREmail]

11. SIGNATURES

The signatories represent that they are authorized to enter into this Agreement on behalf of the Party for which they sign.

CUSTOMER_NAME

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____

By _____

Name _____
(Print/Type)

Name _____
(Print/Type)

Title _____

Title Account Executive

Date _____

Date _____

Exhibit A
IMPLEMENTATION BUDGET
Effective on the Date Executed by Both Parties

1. IMPLEMENTATION BUDGET

(a) Implementation Budget Amount

BPA shall provide [Budget] dollars (the Implementation Budget) for the implementation of Conservation Measures. Customer_Name may invoice BPA up to this total Implementation Budget for Completed Units installed.

(b) Implementation Budget Review

BPA shall periodically review Customer_Name activities. In consultation with Customer_Name and after providing three months written notice, BPA may reduce the Implementation Budget. BPA shall take into account factors that Customer_Name believes will affect future rates of expenditure. If BPA reduces the Implementation Budget, BPA shall revise this Exhibit and send the revised Exhibit to Customer_Name. However, if requested by BPA, Customer_Name shall provide a list of potential deemed Measures and custom projects to BPA. Upon receipt of such a list, BPA shall not reduce the Implementation Budget below the level needed to:

- (1) meet all the estimated costs of deemed Measures and custom projects either approved by BPA, or custom project Proposals that are under review by BPA; and
- (2) cover the estimated cost associated with all deemed Measures and custom project proposals that have been presented to Customer_Name by any Consumer, and that, in the opinion of Customer_Name have a high likelihood of gaining Customer_Name and BPA approval.

2. ENERGY SAVINGS DELIVERY VALUES: Customer_Name shall report Energy Savings values from Completed Units consistent with the Program Descriptions outlined in Exhibit B. If the Energy Savings value is deemed and is listed in Exhibit B as “varies”, Customer_Name shall use the Energy Savings value in the PTR system for that measure. If the Measure is not deemed, Customer_Name shall report the Energy Savings using the calculation method for that project.

3. PERIODIC REVIEWS: The Parties will review the Programs, reimbursement rates, budget amounts, Energy Savings values, and make adjustments as agreed to by the Parties. Either Party may initiate a review.

4. PAYMENT

(a) Customer_Name will submit reports consistent with the Implementation Manual. Reporting Custom Projects shall be made via the Auto Upload Sheet for Custom Projects.

(b) Customer_Name shall be paid the PTR reimbursable amount for deemed measures and the lesser of eighteen cents per kWh or seventy percent of project cost for non-deemed measures. This reimbursement rate is applicable for rate credit and bi-lateral funds.

5. **SPECIFICATIONS:** Customer_Name shall follow all specifications for all deemed measures as specified in the Implementation Manual, or its successor, and the PTR. For all non-deemed Measures, Customer_Name shall use the simplified cost effectiveness limits in Exhibit D and the measurement and verification plans in Exhibit C for installation and reporting of custom projects.

6. **PROCEDURES TO CHANGE SPECIFICATIONS IN SECTION (5)**

(a) All changes must be approved by Bonneville in writing prior to implementation.

(b) Any deviation that could significantly affect the savings reported for a measure must be approved prior to payment by Bonneville. The Contracting Officer's Technical Representative shall provide written notice either accepting or rejecting the changes within 30 days of receipt of a change request.

**Exhibit B
PROGRAM DESCRIPTIONS**

Residential Programs	Program Description	kWh Savings per Unit	Savings Calculation Method	Unit Definition
Residential Programs	All residential programs operated by Customer_Name	Varies	Deemed per unit as found in the PTR system	As defined in the PTR system
Commercial & Industrial Programs	Program Description	kWh Savings per Unit	Savings Calculation Method	Unit Definition

Exhibit C
MEASUREMENT AND VERIFICATION PLANS

1. PROVISIONS FOR CUSTOM PROJECTS

Customer_Name shall use the Measurement and Verification methods in Section 2 of this Exhibit for measurement of Energy Savings all Custom Projects reported to BPA.

- (a) Customer_Name may use alternative methods for determination of incremental cost for new construction Custom Projects in those cases where the actual incremental project cost is not known. This may include a proxy, available incremental cost data from the Regional Technical Forum, or other method appropriate for the Custom Project. Customer_Name agrees to work with BPA on development, or improvement of methods for determination of estimating incremental costs for Custom Projects when such information is not known.
- (b) BPA agrees to work with Customer_Name when Customer_Name has questions about the most appropriate Measurement and Verification method for a Custom Project. Once the Parties agree upon the appropriate method, Customer_Name shall use the method agreed upon for measurement of Energy Savings for that Custom Project.

2. MEASUREMENT AND VERIFICATION

Purpose is to provide a basis for determining the verified annual energy savings for each measure. The Standard M&V Plan is for projects where the annual energy savings are expected to be $\geq 200,000$ kWh¹.

Description

- A description of the ECM and its intended result
- The boundaries of the savings determination
- Documentation of baseline data and conditions

Approach

- Outline the verification approach and why it was chosen.
- IPMPV Option A, B, C or D.

Assumptions

- Explain assumptions
- State sources for assumed values

Metering Plan

- Description of what will be measured
- Duration and data sampling intervals
- Instrumentation
- Who will perform the verification and when
- Diagram showing metering locations before and after
- Explain how short term measurements will be extrapolated to an annual basis

Calculations

- Show how savings were calculated
- Identify stipulations and how changes are accounted for (e.g., weather, occupancy)

Quality Assurance

- Describe inspections, tests, commissioning, etc. to ensure the proposed systems function as planned

¹ A “lite” M&V plan is used for projects with $< 200,000$ kWh/yr. The “lite” plan excludes the Metering Plan but includes all other elements indicated above.

Exhibit D
SIMPLIFIED COST-EFFECTIVE LIMITS

This Exhibit Revision adds language clarifying how the Benefit/Cost (B/C) ratio is to be applied by group and accepted approaches for determining incremental costs for rebate programs.

Measure Type	Measure Life, Years	Simplified Cost Effective Limits for Reimbursement (\$ Incremental cost / kWh saved)
Industrial Process and Other Non-Deemed Measures	10	\$0.40
Lighting Retrofit (Commercial, Institutional or Industrial)	12	\$0.50
HVAC Retrofit (Commercial or Industrial) and Commercial Envelope	20	\$0.70

PROVISIONS FOR APPLICATION OF SIMPLIFIED COST EFFECTIVE LIMITS:

Customer_Name shall apply the following Benefit/Cost ratio (B/C ratio) test to determine eligibility for reimbursement from Bonneville. Bonneville's reimbursement is for individual Projects that have a B/C ratio at or above 0.5. For Projects that meet or exceed the 0.5 B/C ratio test, Customer_Name shall group the Projects together and apply the cost effectiveness tests listed below.

- (a) Cost Effectiveness test for programs consisting predominantly of Industrial & other projects. Industrial measures shall have measure lives of at least 10 years and be calculated using the following formula:

$$(.4 / (\text{The sum of incremental project cost} / \text{the sum of the First Year kWh savings in kWhs}))$$

This total must meet or exceed 1.0.

- (b) Cost Effectiveness test for lighting projects. Lighting projects shall have measure lives of at least 12 years and shall be calculated using the following formula:

$$(.5 / (\text{The sum of incremental project cost} / \text{the sum of the First Year kWh savings in kWhs}))$$

This total must meet or exceed 1.0.

- (c) Cost Effectiveness test for Heating, Ventilation and Air Conditioning (HVAC) and shell projects. HVAC and shell measures shall have measure lives of at least 20 years and shall be calculated using the following formula:

$$(.7 / (\text{The sum of incremental project cost} / \text{the sum of the First Year kWh savings in kWhs}))$$

This total must meet or exceed 1.0.