

Project Cost Guidelines

Bonneville Power Administration
Energy Smart Industrial Program

Developed by the

Energy Smart Industrial

Quality Assurance Team

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Disclaimer: The intent and purpose of this document is to be used as a guide to assist participants in the BPA ESI Program.

Final review and approval of costs will be determined by the BPA Contracting Officer Technical Representative (COTR) responsible for approval of the completion report.

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FAQ: Completion Report Project Cost Requirements

As defined by BPA, a completion report is the documentation submitted at the conclusion of an approved custom project that provides information on project costs, verified energy savings, and any additional information as required per the project's M&V plan. An accepted completion report is required for an incentive payment or claim of energy savings. This section includes frequently asked questions on completion report project cost requirements from the end-user's standpoint.

- 1. My custom project energy efficiency measure (EEM) has been implemented. What do I do now?**
 - a. *Contact your utility or your Energy Smart Industrial Partner (ESIP) to schedule project verification activities as indicated in the approved custom project proposal.*
 - b. *Collect invoices pertaining to the project; including internal labor.*
 - c. *Submit the required information to your utility or your ESIP for final completion report submittal to BPA. Your utility will contact you when the completion report has been officially accepted by BPA and will provide you with your incentive.*

Compiling the data and completing the report may take several weeks, depending on project complexity.

- 2. What project costs are acceptable to include in the completion report?**

All costs associated with the implementation of the energy efficiency measure (EEM):

- a. *Vendor invoices are required for equipment and labor.*
 - i. *POs, packing slips, order acknowledgements, and/or quotes are not required, unless there is a specific reason why a particular invoice needs additional documentation.*
- b. *On-site internal labor pertaining to the implementation of the approved measure(s), including employee name, title, hours worked, and labor rate per hour.*

- 3. My vendor invoice is several pages long. Which pages are needed?**

All invoice pages are required for project documentation.

- 4. My company has a parts inventory. Are items used from that inventory eligible project costs?**

The eligibility of parts used from a parts inventory (Stores) and purchase or usage of spare parts is being considered on a case-by-case basis. Please refer to the BPA ESI Project Costs: Spares Eligibility section to assist you in determining eligible costs.

- 5. What if I have costs associated with obtaining the baseline data or designing the new system that were incurred prior to the custom project proposal being approved?**

Costs that are directly related to the development of the EEM are also acceptable, but may require justification. These costs are dependent on BPA approval and need to be brought to the attention of your utility or ESIP representative, preferably during the project proposal timeline.

- 6. My company uses SAP (or similar program) to track project costs. Can I just submit a summary export of the costs from our accounting system?**

BPA must audit your accounting system prior to allowing it to be used to generate official project cost documentation. For more information on this route, please contact your utility.

BPA ESI Project Costs: Spares Eligibility

Guidelines for Eligible Project Costs

Many project cost considerations are made during the course of an industrial energy efficiency project. This document outlines the criteria for the cost eligibility associated with spare parts. Spare parts are defined as any duplicate part(s) not directly needed for post-install operation of the project.

WHAT SPARE PARTS COSTS ARE ELIGIBLE PROJECT COSTS?

Spare parts that are considered “stand-by” meet BPA’s eligibility criteria and are approved eligible project costs.

The following criteria define “stand-by” parts:

- The part(s) or sub-system is required to keep the system operational during maintenance periods.
- Any current industry standard or governmental regulation (ASHRAE, FERC, NERC, ANSI, etc.) that defines the need for redundancy (n+1, n+2, etc.).
- The part(s) or sub-system is considered process or operation critical and is specific to the project (not readily available in inventory or stores).
- The part(s) is in “stand-by” and connected to the system (also known as an “in-line” spare).
- Any custom manufactured part that is regularly unavailable or typically associated with long lead times.

WHAT DOCUMENTATION IS REQUIRED?

BPA requires the invoice(s) for the purchase of any part(s) or sub-system included on the custom project proposal. Additional justification may be requested to identify the spare part(s) or sub-system as “stand-by” and therefore eligible.

WHAT SPARE PARTS COSTS ARE INELIGIBLE PROJECT COSTS?

The following criteria are ineligible project costs in regards to Spares:

- Duplicate common parts generally used in maintenance (i.e., filters) or parts that are considered “consumable” (i.e., used during the course of regular operation).
- Duplicate parts purchased in order to receive discounts or for convenience to be placed in inventory.
- Part(s) or sub-system is for additional features not necessary for energy savings.

ADDITIONAL INFORMATION

Final project costs must be properly documented per the BPA Implementation Manual with appropriate description on invoice items and with matching amounts claimed. This documentation will become part of the completion report along with M&V details for verified energy savings.

The completion report will be submitted to BPA for final approval. The final incentive is based on the accepted completion report data.

BPA will make the final determination on the acceptability of project costs.

Any questions should be directed to utility representative or your ESIP.

BPA ESI Project Costs: On-site Stores

Guidelines for Eligible Project Costs

Many project cost considerations are made during the course of an industrial energy efficiency project. This document outlines the criteria for cost eligibility associated with those parts or equipment obtained from on-site stores.

Many industrial facilities have on-site storage for parts and equipment and when parts for an energy efficiency project are used, they may be eligible project costs.

WHEN ARE PARTS OBTAINED FROM ON-SITE STORES ELIGIBLE PROJECT COSTS?

When any of the following criteria are met, parts from on-site storage are eligible:

- Major equipment associated with the EEM that is regularly stored (VFDs, large motors, etc.).
- The part(s) will be re-stocked once used for the implementing the energy efficiency measure(s).
 - Parts that will not be re-stocked may require additional documentation
- The part(s) are small, commonly used items (i.e., conduit, wiring, bolts).
- The part(s) are ordered in bulk (typically at a reduction in cost).

WHAT DOCUMENTATION IS REQUIRED?

BPA requires the invoice(s) to verify project costs, however for parts used from on-site Stores, the invoice and/or PO issued for the re-order of the part can be used to validate the cost. The date the part(s) were used may also be required. Justification regarding any parts not being re-stocked may be requested; however last paid PO for the part may be applicable.

If the facility uses SAP or a similar accounting system, an accounting summary of the Stores parts used for the project and the date that they were pulled from Stores may also be used as cost validation.

WHEN ARE PARTS FROM ON-SITE STORES INELIGIBLE PROJECT COSTS?

The following categories for parts pulled from on-site storage are ineligible project costs:

- Any part not associated with the energy efficiency upgrade (For example: a regularly replaced part during maintenance)

ADDITIONAL INFORMATION

Final project costs must be properly documented per the BPA Implementation Manual with appropriate description on invoice items and with matching amounts claimed for the On-site Stores parts. This documentation will become part of the completion report along with M&V details for verified energy savings.

The completion report will be submitted to BPA for final approval. The final incentive is based on the accepted completion report data. BPA will make the final determination on the acceptability of project costs. Any questions should be directed to your utility representative or ESIP.

BPA ESI Project Costs: Labor

Guidelines for Eligible Project Costs

Many project cost considerations are made during the course of an industrial energy efficiency project. This document outlines the criteria for cost eligibility associated with internal and external labor.

Many industrial facilities utilize both internal and external labor resources when implementing projects. In general, any internal labor claims should be directly attributable to the energy efficiency project and are labor costs that a facility would consider a contractor for.

WHAT LABOR COSTS ARE ELIGIBLE PROJECT COSTS?

The following criteria outline eligible labor costs:

- Any contracted work specific to implementing the identified/approved BPA energy efficiency measures.
- Internal labor specific to implementing the identified and approved BPA energy efficiency measures.
- Any external or internal engineering and design hours.
- Commissioning (if not paid directly by the ESI program).

WHAT DOCUMENTATION IS REQUIRED?

BPA requires the invoice(s) for any contracted external labor work associated with the energy efficiency project.

Internal labor documentation should include the employee name or ID, function, rate, and hours directly associated with the project. Internal labor rates should be aligned with the rates published with the Department of Labor.

If the facility uses an internal hours/billing system, then an accounting summary of the hours associated with the project with dates can also be used.

BPA reserves the right to scrutinize and review internal rates and additional justification may be requested to support internal labor cost claims.

WHAT LABOR COSTS ARE INELIGIBLE PROJECT COSTS?

Any labor hours not associated with the direct implementation of the energy efficiency measures, even if part of the larger project, are ineligible.

- EPM (Energy Project Manager) Costs
- Any labor incurred prior to project approval (excluding Engineering feasibility and Design)
- Program-funded commissioning

ADDITIONAL INFORMATION

Final labor costs must be properly documented per the BPA Implementation Manual. For external labor costs, copies of the paid invoices must be provided showing the date, appropriate description of labor performed and the amount paid. For internal labor to be an eligible project cost, an accurate record of internal labor must be kept which includes the above-listed minimum required fields. This documentation will become part of the completion report along with M&V details for verified energy savings.

The completion report will be submitted to BPA for final approval. The final incentive is based on the accepted completion report data. Any questions should be directed to your utility representative or ESIP.

BPA ESI Project Costs: Used Equipment

Guidelines for Eligible Project Costs

Many project cost considerations are made during the course of an industrial energy efficiency project. This document outlines the criteria for cost eligibility associated with used equipment, and can also pertain to both the purchase of used parts as well as current facility-owned parts. Many industrial facilities re-use equipment or purchase previously used equipment when implementing an industrial energy efficiency project.

BPA strongly recommends that if used equipment is anticipated, that it is addressed during the custom project proposal stage (CPP) to ensure these costs are eligible.

WHAT COSTS ARE ELIGIBLE FOR USED EQUIPMENT?

The following criteria define eligible used equipment costs:

- Cost to refurbish equipment to meet energy efficiency savings and cost requirements
- Retrofit kits
- Shipping and associated costs
- Purchased used part

WHAT DOCUMENTATION IS REQUIRED?

BPA requires the invoice(s) for the purchase of refurbished or used equipment, or any associated costs required for the used equipment to verify costs.

WHAT USED EQUIPMENT COSTS ARE INELIGIBLE?

The following categories define ineligible used equipment costs:

- Parts not able to meet measure life requirements (measure life ~ 10 years for industrial custom projects).
- Original equipment or part(s) cost that are facility owned and being re-used.

ADDITIONAL INFORMATION

Final project costs must be properly documented per the BPA Implementation Manual with appropriate description on invoice items and with matching amounts claimed. This documentation will become part of the completion report along with M&V details for verified energy savings.

The completion report will be submitted to BPA for final approval. The final incentive is based on the accepted completion report data.

BPA will make the final determination on the acceptability of project costs. Any questions should be directed to your utility representative or ESIP.

BPA ESI Project Costs: Miscellaneous

Guidelines for Eligible Project Costs

Many project cost considerations are made during the course of an industrial energy efficiency project. This document outlines the criteria for cost eligibility associated with miscellaneous items required in terms of project implementation.

Many industrial facilities realize costs for miscellaneous items associated with the implementation of energy efficiency measures. Common miscellaneous items are listed but other items may be eligible with justification.

WHAT MISCELLANEOUS COSTS ARE ELIGIBLE PROJECT COSTS?

The following are examples of eligible miscellaneous costs:

- Feasibility study (may apply if prior to CPP approval date depending on project details)
 - In some instances, only a portion of the study is eligible. Only costs that directly pertain to the identified energy efficiency measures and their costs.
- Permit fees
- Rental equipment as necessary
- Shipping/freight expenses
- Sales tax
- Metering equipment as warranted and used during the M&V phase
- Equipment enclosures (subject to BPA pre-approval and only the portion of the costs pertaining to the energy efficiency measure)
- Demolition/disposal expenses

WHAT DOCUMENTATION IS REQUIRED?

BPA requires the invoice(s) for any miscellaneous expenses incurred.

WHAT MISCELLANEOUS COSTS ARE INELIGIBLE PROJECT COSTS?

- Maintenance contracts or additional equipment warranties
- Any non-energy related additions

ADDITIONAL INFORMATION

Final project costs must be properly documented per the BPA Implementation Manual with appropriate description on invoice items and with matching amounts claimed. This documentation will become part of the completion report along with M&V details for verified energy savings.

The completion report will be submitted to BPA for final approval. The final incentive is based on the accepted completion report data.

BPA will make the final determination on the acceptability of project costs. Any questions should be directed to your utility representative or ESIP.

Additional Frequently Asked Questions

1. What items may be included in project costs?

All costs associated with the implementation of the Energy Efficiency Measure (EEM) may be included in the total eligible project costs. Project costs may include; a project feasibility study, design, equipment, installation, internal/external labor costs, freight and taxes. All costs are subject to BPA approval.

2. What documentation must I provide to BPA to support the project's costs?

BPA requires that all project costs are documented with vendor invoices showing the order/purchase date for equipment and labor. For internal labor pertaining to the implementation of the EEM, documentation including employee name or id, function, rate, and hours directly associated with the project are required. See the [BPA ESI Project Costs: Labor](#) section for more details.

3. What information is needed to document my internal labor costs?

Internal labor documentation should include the employee name or id, function, rate, and hours directly associated with the project. Internal labor rates should roughly align with the rates published by the Department of Labor. Please refer to the [BPA ESI Project Costs: Labor](#) section for more details.

4. Are the commissioning costs incurred after the equipment was installed acceptable to include as project costs?

Yes, if the commissioning costs are directly related to the EEM, they can be included in the eligible project costs.

5. Can I include the cost of the study done prior to the CPP approval date to determine if the measure was feasible?

Yes. Please refer to the [BPA ESI Project Costs: Miscellaneous](#) section for more details.

6. I need to use several parts from Stores – Do I get reimbursed for those costs?

Yes. Please refer to the [BPA ESI Project Costs: On-site Stores](#) section for details.

7. What if my baseline cost estimate needs to be revised?

Baseline cost estimates can be revised after the system is installed. BPA will require the updated baseline cost information and documentation in the completion report submittal. Additional justification may also be required.

8. What documentation is required to show the cost for the baseline unit?

A vendor quote for the baseline or standard unit is required.

9. What if my invoice shows a credit from a previous payment?

The date that the payment was made, is required and must be included in the final documentation.

10. Do I need to show all my progressive payments?

Yes, all progressive payment details need to be included.

11. I'm using a custom spare part with a long lead time. Is that an acceptable cost?

If the spare part is a critical component to the process and it needs to be upgraded due to the EEM, it may be an eligible project cost. Please see the [BPA ESI Project Costs: Spares Eligibility](#) section for more details.

12. My taxes are paid out separately. How can I include them in my project costs?

Please provide a tax detail sheet that shows the breakdown of taxes paid. The acceptance of the documentation will be determined by BPA.

13. What if the invoice is not itemized?

The invoice should include details about what was purchased. If it references a purchase order or a quotation, please include the PO or the quote with the invoice.

14. What if I have an invoice with non-energy related items included on it?

Please note on the invoice which items should be included in the EEM project costs.

15. If the invoice from the project is not itemized and includes costs not related to energy efficiency measures, what documentation should I provide?

Include when energy-related costs are a small portion to overall costs (i.e., WWTP new construction projects).

16. What if the vendor invoice is incorrect?

Please work with your vendor to get a corrected invoice.

17. Can I include the cost of a used compressor shipped from another facility?

If the equipment is already owned, shipping and/or refurbishment costs may be eligible project costs. However, the use of used equipment needs to be pre-approved by BPA. Please see the [BPA ESI Project Costs: Used Equipment](#) section for more details.

18. Can I include the cost of any used parts needed from another project?

No. Parts that are already owned by the facility and are going to be re-used are not eligible to include in the total project costs. Please see the [BPA ESI Project Costs: Used Equipment](#) section for more details.

19. Can I include the cost of spare parts needed for the equipment's first maintenance?

No. Operation and Maintenance costs are not eligible project costs. Please see the [BPA ESI Project Costs: Spares Eligibility](#) section for more details.

20. Is my required stand-by unit an acceptable project cost?

Stand-by equipment that is required may be an eligible project cost. Please see the [BPA ESI Project Costs: Spares Eligibility](#) section for more details.

21. What if I ordered my part online and I have an order confirmation email instead of an invoice?

Please include the order confirmation and documentation of payment.

22. Is an export from my accounting system acceptable cost documentation? What/How?

Your accounting system may be used for internal labor cost documentation or on site stores documentation for eligible parts use. However, unless BPA has pre-approved the use of accounting system software for overall project costs, the accounting systems may not be used in lieu of actual vendor invoices. Please see the [General Completion Report Project Cost Requirements](#), [BPA ESI Project Costs: On-site Stores](#), and [BPA ESI Project Costs: Labor](#) sections for more details.

23. What if I traded in my used equipment?

The total eligible project cost should equal the amount it would take to install the energy efficiency measure, regardless of any trade-in allowance on the used equipment.