

ATTACHMENT 1

Extension of the current PSE Large Power User Self-Directed Program cycle by one year to provide additional time for customers to develop and implement projects provides many benefits, a few of which are summarized below:

Many customers in the program consist of local facilities belonging to larger corporate entities. These customers must coordinate large capital projects for approval through their parent corporate headquarters in accordance with a three to five year capital expenditure plan. This process often requires design review by corporate engineering departments and evaluation of a project's merit against other corporate-wide proposals. While PSE funding makes projects financially attractive, time is still required for customers to navigate their corporate approval processes. In many cases, this may take one year or more before approval is received and construction begins. The Schedule 258 program cycle extension enables customers to navigate corporate approval processes to pursue higher cost, more-complex capital projects the program is intended to fund.

Examples of some complex projects currently being pursued by customers include:

- HVAC system and controls modifications in chemistry/research areas where air balance and exhaust volumes must be carefully monitored and require thorough design efforts.
- Extensive HVAC system conversions to more-efficient variable air volume systems in occupied facilities where coordination around staff work schedules are anticipated to extend the overall project duration.
- Projects involving controls re-engineering that must be accompanied by re-education of the user group and potential negotiations among union represented stakeholders.
- A complex integrated lighting & HVAC controls system responsive to sensed building occupancy that will be piloted on a medium sized building to prove concept and gain buy-in prior to campus-wide implementation.
- An advanced parking garage lighting controls system requiring significant permitting efforts with local code officials and negotiations with corporate security.
- Industrial process modifications requiring complex modeling and simulation to verify anticipated performance and develop updated operational procedures.

Customers have indicated the additional time allows them to better manage increased incentive allocations to ensure a greater value is returned on their investments in energy efficiency. Many customers implement projects utilizing in-house maintenance staff in combination with energy services companies (ESCOs). Faced with a requirement to mobilize quickly to ensure Schedule 258 funds are claimed for use at their site, customers would be inclined to rely solely on ESCOs to manage the additional funds. The extended year provides needed flexibility for in-house crews to complete ordinary maintenance duties while also contributing to implementation of energy efficiency projects. Furthermore, one customer noted the additional time for project implementation allows staggering of construction to improve measurement and verification of measures implemented by their ESCO vendor. Since additional measures are being implemented that have overlapping savings, it would be more challenging to verify the projects if completed simultaneously on a short timeframe.