

**TITLE: WALLINGFORD ELECTRIC DIVISION
COMMERCIAL AND INDUSTRIAL CUSTOMER
ENERGY CONSERVATION INCENTIVE POLICY**

Effective Date: November 21, 2008

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Certified By: David R. Sessert

1. The purpose of the Wallingford Electric Division's (WED's) commercial and industrial energy conservation incentive policy is to encourage investment by the WED's commercial and industrial customers in energy saving equipment and facilities .
2. Any qualified project that was completed on or after January 1, 2006 is eligible to receive an applicable incentive payment as described elsewhere in this Policy.
3. The WED's energy conservation incentive payments shall be on a first come, first serve basis, subject to the availability of funds in each fiscal year.
4. For the purposes of evaluating projects and approving them for receipt of an incentive payment, the WED, the customer, and the customer's vendor (if applicable) shall adhere to the processes and requirements set forth in Appendix A.
5. For any project approved via this Policy and the attached Appendix A, the WED shall make an incentive payment to either the customer or, if so directed, to the customer's vendor, in an amount calculated as follows:
 - 33% of the applicable pre-tax project cost, so long as the customer's simple payback period is not greater than five (5) years (*) . This simple payback period shall be defined as [(pre-tax project cost – WED incentive payment) / customer's anticipated annual electricity cost savings]. (*) If the projected payback period exceeds five years, the project may still receive an incentive payment. In these instances, the incentive payment shall equal 33% of a reduced pre-tax project cost set at a level to achieve exactly a five-year payback.
6. The WED's energy conservation programs are administered through and/or with the assistance of the Connecticut Municipal Electric Energy Cooperative (CMEEC), of which the WED is a participant and with which the WED has a contractual relationship.
7. Customers who accept an incentive payment for their project(s) as described in this policy shall agree that any capacity-related credits or payments that the project(s) may be eligible to receive shall be fully assigned to the WED or its designee.

8. The WED reserves the right to consider, as eligible for an incentive payment, commercial and industrial energy efficiency (saving) and/or demand reduction projects not specifically described in Appendix A. Any such project will be similarly evaluated; that is, the project cost shall be defined as the cost needed to accomplish the proposed energy and/or demand savings, and the incentive payment shall be determined per the requirements of Article 5 above.
9. To help ensure that adequate funds are available to provide incentive payments to the greatest number of qualified projects, the following stipulation shall apply: Any commercial or industrial customer that receives an incentive payment for an approved project, and for whom the sum of all incentive payments received (including the above-referenced payment) exceeds that customer's contributions to date to the WED C&LM fund, shall not be eligible to receive any additional incentive payments for a period of one (1) year after the date of the above referenced incentive payment unless, prior to the end of the one-year period, that customer's total to date contributions to the WED C&LM fund equal or exceed the amount of the total incentives paid to that customer.

Appendix A

Below are listed each of the WED's individual commercial and industrial energy conservation incentive programs, including the requirements for proposing a project, evaluating a project, and having a project qualify for an incentive payment.

Lighting Retrofits

These projects are conducted as follows: .

The customer selects a C&I lighting vendor(s) to perform a lighting audit of the customer's facilities. The vendor(s) prepares an analysis of its findings, including a cost proposal to perform any proposed work, and a financial analysis that includes a calculation of annual energy saved, the estimated monthly reduction in peak demand, and a simple payback calculation based upon the WED's total kWh and kW charges in place at that time. If this payback period meets the criteria set forth in this Policy, then the proposed project is approved, pending its physical completion. The project cost is defined as the total cost by the vendor to perform the proposed work, excluding any taxes. Upon physical completion, and upon receipt of detailed documentation confirming the total cost of the project, CMEEC or WED staff shall inspect the new lighting facilities. If CMEEC or WED determines that the facilities are as described in the vendor's proposal, then the incentive payment is made, per the customer's direction.

Air Conditioner Installations

Customers installing commercial- or industrial-rated air conditioning equipment with a capacity greater than 30 tons can receive an incentive payment for installing higher efficiency equipment. Customers must provide the WED or its designee with a firm cost proposal for the purchase and installation of both higher and standard efficiency equipment, as well as an analysis of the annual kWh's saved and monthly peak kW's reduced by the use of the higher efficiency equipment. This analysis must also include an estimate of the monthly savings on the customer's energy and demand billings, due to the use of the higher efficiency equipment, based on the WED's total applicable energy and demand charges in place at that time. The "project cost" in this case shall be the cost difference for the purchase and installation of the higher efficiency equipment vs. the standard efficiency equipment. If the calculated simple payback period meets the criteria described in this Policy, then the project is approved. Upon installation of the higher efficiency equipment, and upon receipt of detailed documentation confirming the total cost of the project, CMEEC or the WED shall inspect the completed equipment installation, and if it is as described in the proposal, then the incentive payment is made, per the customer's direction.

If customers are installing air conditioning equipment rated at 30 tons or less, the WED shall utilize the CoolChoice prescriptive program. As of January 1, 2007, the WED shall apply Connecticut Municipal CoolChoice standards and rebates. Any such applicable projects shall be handled on a case-by-case basis, per the CoolChoice Rebate Application form.

Additionally, the WED shall offer incentive payments for the installation of variable frequency drives and necessary related equipment as part of a commercial or industrial air conditioning equipment project. These incentive payments will be calculated similarly to the earlier-described incentives for large Air Conditioner installations.

Air Compressor Equipment Replacements

This program shall be administered similarly to the above-described program for air conditioning equipment rated above 30 tons, except that there is no minimum size requirement. Customers must submit a proposal which includes firm prices for both standard and high efficiency equipment; the "project cost" will be defined as the pre-tax difference in cost between these two proposals. This analysis must also include

estimates of annual kWh's saved and peak kW's reduced, and the anticipated monthly electric bill reduction, based on then-current applicable WED rate. If the simple payback period meets the criteria set forth in this Policy, then the project is approved, and payment will be made per the customer's direction, subject to WED's or CMEEC's inspection and determination that the installed equipment is as described in the customer's proposal.

Three-phase Motor Replacements

Customers who purchase three-phase motors sized from 1-HP to 200-HP may receive rebates based on the Connecticut Municipal MotorUp prescriptive rebate program. Any such applicable purchases shall be addressed on a case-by-case basis, per the MotorUp Rebate Application form.

For all of the above described programs, WED reserves the right at any time for its staff or CMEEC's staff to inspect the facilities of the customer applying for an incentive payment. In addition to post-work inspections, WED may wish to perform additional inspections prior to or during work being done.

It is the WED's preference that incentive payments be made directly to the customer's vendor, so as to reduce the capital expenditure of the customer. But the customer may receive the payment directly, if it so wishes.