

Electric Standard Offer Program
Procedure No. 360-2
Replacement of Energy Savings Measure Equipment

1. Purpose:

To clarify PSE&G's procedure when the Seller proposes to replace equipment that has been installed as part of a Standard Offer Project's Energy Savings Measure (ESM).

2. Description:

The Seller can replace equipment that has been installed as part of a Standard Offer Project's ESM under certain circumstance. The Seller must notify PSE&G in writing and receive approval to replace the ESM equipment. PSE&G may require that field audits be conducted as part of its review process. Each request to replace ESM equipment will be reviewed on a case by case basis.

The replacement of ESM equipment should not cause any significant deviation in the Sellers provisions of energy savings as described in the original project proposal. The new ESM equipment should be of the same ESM type as the original equipment (Fsw, Motor, HVACEq, Lighting, etc...) but may be different in size, efficiency, output capacity etc. PSE&G's payment obligations as well as term will continue to be based on the original project proposal.

3. Seller Responsibilities:

The Seller must submit to PSE&G in writing a proposal to replace ESM equipment. The written proposal should include the following items.

- a) The reason for replacing the ESM equipment
- b) When the replacement would be scheduled to occur.
- c) How long the ESM will be offline while the equipment is being replaced.
- d) A detailed description of any changes to the existing M&V plan.

Replacement of ESM equipment without prior notification and approval by PSE&G may subject the Seller to be liable for Replacement Capacity Costs as well as any other costs that are defined in the Agreement.

4. PSE&G Responsibilities:

PSE&G will review the Sellers written proposal to replace ESM equipment. The Seller will be notified within 14 days as to the acceptance or rejection of the proposal.

PSE&G may require that field audits be conducted for both the original and replacement equipment to verify the energy savings and M&V equipment operation.

PSE&G will verify that the ESM type does not change from what was submitted with the original project proposal (Fsw, Motor, HVACEq, Lighting, etc...).

Replacement of the ESM equipment may lead to an increase in the realized energy savings of a Host Facility. PSE&G will accept energy savings from the new equipment equal to energy savings that could be achieved by the original ESM equipment in any given time interval.

For example, if the original equipment was capable of 100 kW reduction in an hour and the new equipment is able to reach 150 kW reduction in an hour, savings will be accepted for 100 kW reduction for the hour.

Based on review of the Sellers proposal and the field audit results, PSE&G will respond in writing within 14 days of the last field audit date. PSE&G's response will indicate the date from which energy saving for the replaced ESM equipment can resume.

5. Standard Offer Agreement Reference:

Section 3.01 *Obligations to Sell and Purchase* in the Standard Offer No. 1 & No. 2 Agreements were used to develop this procedure. The end of the first paragraph of this section in SO No. 1 (end of the second paragraph of this section in SO No. 2) states:

“It is the essence of this Agreement that Seller’s provision of Energy Savings be made from the particular Project contemplated by Seller’s Project Proposal”

The Last paragraph of the same section (SO No. 1 & SO No. 2) goes on to state:

“Notwithstanding any provisions of this Agreement to the contrary, PSE&G shall have no obligation to pay for Energy Savings at the Summer Prime Period rate for any Calendar Year in excess of the Maximum Purchase Obligation (so called herein) which shall be no more than one hundred and ten percent (110%) of the Summer Prime Period kWh of Planned Energy Savings or the renominated Summer Prime Period kWh pursuant to Section 3.03, below. Deliveries in excess of Maximum Purchase Obligation in the Summer Prime Period shall be paid at Energy Only Standard Offer Payment for the Summer Prime Period.

Note: “Planned Energy Savings” are defined in *Article I Definitions* as: “the Energy Savings expected to be provided by the Project as specified by the Seller in Section 1, Form 1C of Appendix A (Project Proposal)”.

Approved By:

Date:

Thirza Jacobus
Manager – Demand Side Management