INVESTMENT GRADE AUDIT AGREEMENT

This Investment Grade Audit Agreement (the "Agreement") is made and entered into between ***«ESCO_Name»*** (ESCO), having its principal offices at **«E_Addy», «E_City», «E_KS» «E_ZIP»** and ***«C_Name»*** (Customer) at **«C_Addy», «C_City», KS «C_ZIP»**.

WITNESSETH

WHEREAS, the ESCO was selected pursuant to RFP #_____ to provide energy services to State Agencies and political subdivisions through the State of Kansas' Facility Conservation Improvement Program (FCIP); and

WHEREAS, the Customer desires to enter into an agreement to have the ESCO perform an Investment Grade Audit (IGA) to determine the feasibility of entering into an Energy Performance Contract (EPC) to provide for the installation and implementation of energy and operating cost saving measures at the Customer's facilities.

WHEREAS, if such measures are determined to be feasible, and if the amount of savings can be guaranteed to cover on an annual basis all costs associated with an energy performance contracting project, the Customer, with the approval of the Kansas Corporation Commission (KCC), may negotiate an Energy Performance Contract under which the ESCO will design, procure, install, implement, and monitor such measures. However, this Agreement does not require the Customer to enter into such Energy Performance Contract.

THEREFORE, the parties agree as follows:

1. Required Documents

1.1. This Investment Grade Audit Agreement (IGAA)

1.1.1. Appendix 1 – Required format and content for IGA Report

1.2. Attachment "A" – IGAA Terms and Conditions

1.3. Attachment "B" – Maximum Construction Markups and IGA Fee Structure (from the award of RFP #_____)

1.4. Attachment "C" - The List of Buildings/Facilities

2. Amendments or Modifications to the Required Documents

The ESCO shall not modify the required documents unless directed by the Customer. All modifications shall require the advance approval of the KCC. Modifications of the required documents are generally not accepted.

3. Investment Grade Audit (IGA)

3.1. The ESCO agrees to perform an IGA in accordance with the Scope of Work described in Section 6. The ESCO agrees to complete the IGA and present to the Customer and the KCC a final report within **«days_to_complete»** days from the execution of this agreement. The Customer agrees to assist the ESCO in performing the IGA in accordance with the Scope of Work.

3.2. The Customer agrees to work diligently to provide full and accurate information. The ESCO agrees to work diligently to assess validity of information provided and to confirm or correct the information as needed.

3.3. The ESCO agrees to offer in the IGA a proposal for an EPC, based on a recommended package of energy and operating cost saving measures identified by the ESCO. The proposal will include details as specified in Section 6, Scope of Work.

4. Compensation for Investment Grade Audit

4.1. The following is the basis upon which a fee ("Report Fee") of **«IGA_Cost»** shall be due to the ESCO from the Customer. This fee is provided as a negotiated cost by the ESCO under the assumption that the Customer has the intent to enter into an EPC.

4.2. If the Customer accepts the IGA and enters into an EPC with the ESCO to implement any or all of the energy and operating cost-saving measures identified in the IGA, the Customer shall have no up-front payment obligations under this Agreement, but acknowledges the Report Fee shall be incorporated into the ESCO's project costs, with 90% of the Report Fee paid on the first construction pay request. Ten percent (10%) will be retained and paid upon satisfactory completion of the energy conservation measures.

4.3. If the Customer accepts the IGA but does not enter into an EPC with the ESCO to implement the energy and operating cost saving measures within ninety (90) calendar days, the Customer shall pay the ESCO the Report Fee and the agreement will terminate without any further liability to either party.

4.4. If the Customer does not accept the IGA within forty-five (45) calendar days, and the ESCO deems the basis for non-acceptance to be unreasonable, the ESCO may appeal to the KCC to assist with resolution or to arrange mediation or arbitration.

4.5. Should the Customer, during the IGA, terminate this Agreement by written notice to the ESCO, the Customer shall pay the ESCO all proportional contractual payments earned up to the date of termination, in no case to exceed the amount of the Report Fee as agreed to in 4.1. The ESCO will be entitled to no other payments in case of termination and the agreement will terminate without any further liability to either party.

4.6. Should the ESCO determine any time during the IGA that sufficient savings cannot be attained to provide the Customer with cost savings adequate to fund the Customer's payment of <u>all</u> annual costs and fees associated with an EPC, the IGA will be terminated by written notice from the ESCO to the Customer. In this event this Agreement shall be cancelled and the Customer shall have no obligation to pay, in whole or in part, the Report Fee specified in 4.1.

4.7. Subsequent to the completion of the IGA, the Customer has no obligation to pay, in whole or in part, the Report Fee specified in 4.1 if the project cannot:

4.7.1. Generate sufficient savings to provide the Customer with cost savings adequate to fund the Customer's payments of <u>all</u> annual costs and fees

associated with an EPC, or

4.7.2. Meet statutory payback requirements.

4.8. If the KCC determines the IGA fails to meet American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level III audit requirements, at minimum, the Customer has no obligation to pay, in whole or in part, the Report Fee specified in 4.1, and the project will not proceed.

5. Requirements

5.1. Allowable Cost and Savings Factors:

5.1.1. The Customer will provide the ESCO with relevant information and assistance in developing savings estimates.

5.1.2. Savings estimates may include the items listed below. Only guaranteed savings can be used in the payback calculation.

5.1.2.1. Energy savings
5.1.2.2. Rate change savings
5.1.2.3. Customer material/commodity savings, including scheduled replacement of parts, when costs are documented and approved in writing by Customer as no longer necessary subsequent to work performed under the contract.
5.1.2.4. Outside labor cost savings, including maintenance contracts when costs are documented and approved in writing by Customer as no longer necessary subsequent to work performed under the contract.
5.1.2.5. Customer in-house labor costs, limited to those that are fully documented and approved in writing by the Customer. In general, there are no calculable labor savings unless one or more positions will be eliminated as a result of the project.

5.1.3. The following items may be negotiated:

5.1.3.1. Escalation rates, if guaranteed, for natural gas, electricity, material/commodity cost savings, and allowable labor savings. These are rates to be used in cash flow projections for project development purposes. Cash flow projections should also be developed showing the effect of no escalation in rates. Rates may be modified in a subsequent performance contract. Escalation rates should be applied independently to each source: gas, labor, etc. Use the overall default rate in the latest version of the Energy Escalation Rate Calculator (EERC) maintained by the Federal Energy Management Program, and specify the version number, or provide a rationale for alternate rates. The Customer should provide written documentation to the KCC that they have negotiated and agreed to the escalation rate.
5.1.3.2. Interest rates (all types of financing that are available and could be considered for this project)
5.1.3.3. Customer equity cash contribution to the project, which may

not exceed 49% of project cost without prior written approval from the KCC.

5.1.4. Avoided capital costs are not eligible cost savings.

5.2. Construction Costs Elements and Definitions

5.2.1. Labor (and normal fringe benefits) paid by the ESCO, **exclusive** of labor for design, construction management, monitoring and commissioning.

5.2.2. Materials include wiring, piping and other products incorporated into the project.

5.2.3. Construction equipment includes items which are used in the construction phase, but which are not incorporated into the project.

5.2.4. Subcontractor costs include any payments to third parties relating to subcontracted work on the site **exclusive** of costs for design, construction management, monitoring or commissioning.

5.2.5. Project equipment includes any individual item of equipment incorporated into the project.

5.2.6. Miscellaneous project costs include reasonable expenses for bonds, insurance, job trailers, portable toilets, job vehicles, software licensed to the customer, and job site office space, but **excludes** costs (other than subcontractor costs) incurred by the ESCO'S for office supplies and expenses including document reproduction, phone and fax usage; incidental job site expenses such as tools; general office supplies and expense, including document reproduction, phone and fax usage; meals; travel and overnight accommodations.

5.3. Construction Markups

The construction markups listed in Attachment "B" shall be applied to Construction Costs and shall be used as the **maximum** rates for projects to be performed under any EPC with the Customer, but may be negotiated downward. Construction Costs include only items listed in section 5.2 above. The Customer and the KCC will review proposed rates for projects. These rate caps are not to be considered the standard rates to be charged for all projects. Complex, innovative projects shall be allowed to approach the maximum rates; however routine, less complex projects should not justify the maximum rates and lower rates will be expected.

5.4. Determination of Payback Compliance

A project must meet both statutory and program requirements regarding payback. As specified more fully below, there is a statutory requirement that a project pay back in a period not to exceed 30 years, as well as an FCIP requirement that a project be fully repaid during the period for which it is financed, and be at least budget neutral each year during the finance period.

Statutory Payback Requirements

5.4.1. KSA 75-37,125 authorizes state agencies and political subdivisions to enter into a contract or lease-purchase agreement for an energy conservation measure under specified conditions. The statute defines "energy conservation measure" as an energy study, audit, improvement or equipment which is designed to provide energy and operational cost savings at least equivalent to the amount expended for the study, audit, improvement or equipment over a period of not more than 30 years.

5.4.2. Calculation of Cost Savings for Statutory Compliance

5.4.2.1. Guaranteed savings amounts (NOT projected amounts) will be used in determining compliance.

5.4.2.2. Stipulated savings (i.e., the outcome is assumed to be achieved, without measurement and verification or documentation of O&M savings) are not considered guaranteed and will not be used for determining payback compliance.

5.4.3 Calculation of Total Project Cost for Statutory Compliance includes all fees and costs payable to the ESCO, finance company, consultant, and lender, including interest for the term of the project (the financing period). It does **NOT** include the FCIP fee.

5.4.3.1. A Customer may use accrued savings or previously budgeted funds to help pay for the project, however those monies will not reduce the Total Project Cost used in determining statutory compliance, except to the extent it may reduce interest costs. For example, if a Customer is able to contribute $500,000 upfront to the cost of a $2.5 million project, the Total Project Cost for determining statutory compliance remains $2.5 million, less potential savings on interest.

5.4.4. Statutory compliance is determined by dividing the Total Project Cost by the Guaranteed Cost Savings for the first year of the project. The result is the number of years it will take the project to pay back, which cannot exceed 30 years. Schedule M of the Energy Performance Contract (EPC) calculates statutory compliance.

FCIP Additional Payback Requirements

5.4.5. The project must be at least budget neutral annually for the term of the project (the number of years for which it is financed), as presented in the cash flow analysis established for the project in EPC Schedule D.

5.4.6. Cost savings used in the cash flow analysis must incorporate the expected life of individual ECMs, i.e., savings cannot be claimed for an ECM beyond the expected life of the equipment.

5.4.7. The project must pay off within 30 years or within the length of time for which it is financed, whichever is less.

5.5. Professional Architect/Engineer Involvement.

A registered architect or professional engineer must review and approve design work done under this contract and be involved throughout the process of auditing, design, construction, and installation. The engineer may be an employee of the ESCO and must be registered in Kansas.

5.6. Standards of Comfort.

Specific standards of comfort, safety and functionality will not be degraded from the existing condition without agreement of the Customer and will meet or exceed minimum established industry standards.

5.7. FCIP Fee

In accordance with Kansas Statute 75-37,125 (e), an FCIP fee for administrative support, resources, third-party oversight and review and other services made available by and through the KCC will be calculated in accordance with the following schedule:

Project Fees and Costs, excluding financing	FCIP Fee
First $100,000	.04
Next $100,001 to $500,000	.03
Next $500,001 to $1,000,000	.02
Next $1,000,001 to $5,000,000	.01
Over $5,000,000	.005

The FCIP fee is established between the KCC and the Customer in accordance with a Memorandum of Understanding and is not a component of "construction costs" used to determine the fee for ESCO services. The FCIP fee amount may be included in project financing and will be payable if the Customer enters into an Energy Performance Contract.

6. Scope of Work

The Customer will allow the ESCO reasonable access to facility staff to ensure understanding of existing systems and opportunities. The ESCO agrees to work diligently to assess the validity of information provided and to confirm or correct the information as needed

6.1. Collect data and background information from the Customer:

6.1.1. The Customer will provide the ESCO with information concerning facility operation and energy use for the most recent three years from the effective date of this Agreement as follows.

6.1.1.1. Building area (square footage)
6.1.1.2. Construction date of buildings and major additions
6.1.1.3. Utility company invoices
6.1.1.4. Occupancy and usage information
6.1.1.5. Description of energy-consuming or energy-saving equipment used on the premises, as available

6.1.1.7. Description of energy management procedures utilized on the premises
6.1.1.8. Description of any energy-related changes made or currently being implemented in equipment or structures
6.1.1.9. Description of future plans regarding building modifications or equipment modifications and replacements
6.1.1.10. Drawings, as available (may include mechanical, plumbing, electrical, buildings automation and temperature controls, structural, architectural, modifications, and remodels)
6.1.1.11. Original construction submittals and factory data (specifications, pump curves, etc.), as available
6.1.1.12. Operating engineer logs, maintenance work orders, etc. as available
6.1.1.13. Records of maintenance expenditures on energy-using equipment, including service contracts
6.1.1.14. Prior energy audits or studies, if any.

6.1.2. The Customer agrees to work diligently to furnish the ESCO, upon request, accurate and complete data and information as available. Where information is not available from the Customer, the ESCO will make a diligent effort to collect such information through the facility inspection, staff interviews, and utility companies. The ESCO agrees to work diligently to assess the validity of information provided and to confirm or correct the information as needed.

6.1.3. The Customer has furnished or shall furnish (or cause its energy suppliers to furnish) to the ESCO, upon its request, all of its records and complete data concerning energy and operating costs for the premises under review, including the following data for the most current thirty-six (36) month period: utility records; occupancy information; descriptions of any changes in the building structure or its heating, cooling, lighting or other systems or energy requirements; descriptions of all energy consuming or saving equipment used in the premises; bills and records relating to maintenance of energy-related equipment, and a description of energy management procedures presently utilized.

If requested, the Customer shall also provide any prior energy audits of the premises, and copies of the Customer's financial statements and records related to energy usage and operations for said thirty-six (36) month period at said premises, and shall make agents and employees familiar with such records available for consultations and discussions with the ESCO. The ESCO agrees to input a minimum of 36 months of utility data (electricity, gas, etc.) into the Energy Star Portfolio Manager (or an alternate energy tracking software system approved by the KCC) and share this data with Customer and the Kansas Energy Office electronically.

6.2. Perform an energy audit in accordance with ASHRAE Level III:

6.2.1. The ESCO shall interview the facility manager, maintenance staff or others regarding facility operation, including:

6.2.1.1. Energy management procedures
6.2.1.2. Equipment maintenance problems

6.2.1.3. Comfort problems and requirements
6.2.1.4. Equipment reliability
6.2.1.5. Projected equipment needs
6.2.1.6. Occupancy and use schedules for the facility and specific equipment
6.2.1.7. Facility improvements, past and planned
6.2.1.8. Safety and/or health related challenges or concerns associated with any energy systems (lighting levels, ventilation, etc)

6.2.2. Inspect major energy-using equipment, including:

6.2.2.1. Lighting (indoor and outdoor)
6.2.2.2. Heating and heat distribution systems
6.2.2.3. Cooling systems and related equipment
6.2.2.4. Automatic temperature control systems and equipment
6.2.2.5. Air distribution systems and equipment
6.2.2.6. Outdoor ventilation systems and equipment
6.2.2.7. Exhaust systems and equipment
6.2.2.8. Hot water systems
6.2.2.9. Electric motors, transmission and drive systems
6.2.2.10. Special systems (kitchen/dining equipment, swimming pools, laundry equipment, etc.)
6.2.2.11. Renewable energy systems
6.2.2.12. Other energy using systems
6.2.2.13. Water consuming systems (restroom fixtures, water fountains, irrigation systems, etc.)

6.2.3. Perform “late-night” surveys outside of normal business hours or on weekends to confirm building system and occupancy schedules, if deemed necessary.

6.2.4. Develop a preliminary list of potential energy saving measures. Consider the following for each system:

6.2.4.1. Comfort and maintenance problems
6.2.4.2. Energy use, loads, proper sizing, efficiencies and hours of operation
6.2.4.3. Current operating condition
6.2.4.4. Remaining useful life
6.2.4.5. Feasibility of system replacement
6.2.4.6. Hazardous materials and other environmental concerns
6.2.4.7. The Customer's future plans for equipment replacement or building renovations
6.2.4.8. Facility operation and maintenance procedures that could be affected.
6.2.4.9. Capability to monitor energy performance and verify savings.

6.3. Establish base year consumption and reconcile with end use consumption estimates.

6.3.1. Examine utility bills for the past 36 months and establish base year consumption for electricity, gas, steam, etc. in terms of energy units (kWh, kW, MCF, Therms, or other units used in bills) and in terms of

dollars. Specify any conversion factors used. Describe the process used to determine the base year (averaging, selecting most representative contiguous 12 months, removal of anomalies, or other statistical or weather-normalized method). Consult with facility personnel to account for any anomalous schedule or operating conditions on billings that could skew the base year representation. Account for periods of time when equipment was broken or malfunctioning in calculating the base year.

6.3.2. Estimate loading, usage and/or hours of operation for all major end uses representing over five percent of total facility consumption, and reconcile to utility bills including, but not limited to:

6.3.2.1. Lighting
6.3.2.2. Heating
6.3.2.3. Cooling
6.3.2.4. HVAC motors (fans and pumps)
6.3.2.5. Plug loads
6.3.2.6. Kitchen equipment
6.3.2.7. Other/miscellaneous

Where loading or usage are highly uncertain (including variable loads such as cooling), the ESCO will use its best judgment or take direction from the Customer to use spot measurements or short-term monitoring.

6.3.3. Reconcile annual end-use estimated consumption with the annual base year consumption to within five percent for electricity (kWh) and fuels. Also reconcile electric peak demand (kW) for each end use within five percent. The miscellaneous category can be no greater than five percent. This reconciliation will place reasonable limits on potential savings.

6.4. Conduct an analysis of potential Energy Conservation Measures (ECMs):

6.4.1. Identify ECMs, which appear in the judgment of the ESCO to be likely to be cost effective and therefore warrant detailed analysis.

6.4.2. For each ECM, prepare an estimate of energy cost savings including description of analysis methodology, supporting calculations and assumptions used to estimate savings.

6.5. Present Findings:

6.5.1. Meet with the Customer and the KCC to discuss assessment of energy use, savings potential, project opportunities, and potential for developing an energy performance contract. Discuss whether the proposed project meets the Customer's requirements for economics, construction schedule, technical specifications, etc., while meeting program requirements.

6.5.2. The Customer shall, at its discretion, have the option to reject any presented calculation of savings, potential savings allowed, or project recommendations.

6.5.3. Based on the discussion, create a list of recommended ECMs for further

analysis.

6.6. Conduct an in-depth analysis of each ECM identified in 6.5.3.:

6.6.1. Consider technologies in a comprehensive approach including, but not limited to: lighting systems, heating/ventilating/air conditioning equipment and distribution systems, controls systems, building envelope, motors, kitchen equipment, pools, renewable energy systems or other special equipment.

6.6.2. For each ECM:

6.6.2.1. Identify the source of each cost estimate.
6.6.2.2. Follow the methodology of ASHRAE, or other nationally-recognized authority based on the engineering principle(s) identified in the description of the retrofit option.
6.6.2.3. Use best judgment regarding the employment of instrumentation and recording durations so as to achieve an accurate and faithful characterization of energy use.

6.7. Prepare an IGA report that conforms to the specifications outlined in Appendix 1.

6.8. Submit the audit report to the Customer and the KCC for review.

6.8.1. Submit the IGA Report to the Customer and the KCC. Allow two (2) calendar weeks for review. The IGA document will not be changed as a result of the review.

6.8.2. Prepare and submit a Supplement to the IGA that responds to each review comment/concern raised by the Customer and the KCC. The Supplement will be attached to the IGA and will contain only the response to comments and resultant changes to the report.

6.9. Sign the Certificate of Acceptance-IGA which has been signed by the Customer and submit it to the KCC.

7. Termination

7.1. The ESCO may terminate this Agreement as described in Sections 4.6.

7.2. Either party (the Customer or the ESCO) may terminate this Agreement upon the failure of the other party to fulfill the terms of the Agreement. Termination shall be effective 30 calendar days from receipt of written notice if conditions of default are not first corrected.

7.3. The Customer may terminate this Agreement upon 30 calendar days written notice at its convenience and pay to the ESCO all proportional contractual payments earned up to the date of termination. The ESCO will be entitled to no other payments in case of termination for convenience.

8. Energy Performance Contract

The Parties intend to negotiate an EPC under which the ESCO will design, install and

implement energy conservation measures which the Parties have agreed to and provide certain maintenance and monitoring services. However, nothing in this Agreement should be construed as an obligation on any of the Parties to execute such an agreement. The terms and provisions of such an EPC will be set forth in a separate agreement.

9. Notices

Notices required by these Contract Documents must be in writing and delivered in person or delivered or sent by registered or certified mail, return receipt requested, addressed as follows:

CUSTOMER
«C_Name»
«C_Sig_Auth», «C_Auth_Title»
«C_Addy»
«C_City», «C_State» «C_ZIP»
Contact Person: «C_Contact», «C_Contact_Title» Ph: «C_Phone» Fax: «C_Fax» Email: «C_Email»

ESCO
«ESCO_Name»
«E_Sig_Auth», «E_Auth_Title»
«E_Addy»
«E_City», «E_KS» «E_ZIP»
Contact Person: «E_Contact», «E_Contact_Title» Ph: «E_Phone» Fax: «E_Fax» Email: «E_Email»

KANSAS CORPORATION COMMISSION
Energy Division
1500 SW Arrowhead Rd.
Topeka, KS 66604-4027
Contact Person: «K_Contact», «K_Contact_Title» Ph: «K_Phone» Fax: «K_Fax» Email: «K_Email»

10. Disputes

Disputes that cannot be resolved by negotiation between the Customer and the ESCO may be submitted to the KCC to establish processes for mediation or arbitration.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto subscribe their names to this agreement on the date first written above.

«ESCO_NAME»

By: _____
«E_Sig_Auth»

Title: _____
«E_Auth_Title»

Date: _____

«C_NAME»

By: _____
«C_Sig_Auth»

Title: _____
«C_Auth_Title»

Date: _____

Approved as to Form:

_____
Legal Counsel for Customer (if required)

Date: _____

The KCC's approval of this contract is for the Customer to proceed with energy conservation measures, as provided under K.S.A. 75-37,125, within the Facilities Conservation Improvement Program. However, the KCC makes no representations or warranties, express or implied, pertaining to the subject matter contained herein, and shall not be held liable in the event the ESCO or the Customer fail to perform any contractual obligations. Nor shall the KCC be held liable for any tortious conduct performed by either the ESCO or the Customer in furtherance of the contract.

APPROVED, KANSAS CORPORATION COMMISSION

By: _____

Title: _____

Date: _____

APPENDIX 1: IGA REPORT FORMAT AND CONTENT

The report provides an engineering and economic basis for negotiating a potential EPC between the Customer and the ESCO. The report will contain each of the following sections, with additional details regarding each section below:

1. Overview
2. Facilities Description
3. Utility Analysis
4. Energy Conservation Measures (ECMs)
5. Financial Analysis
6. Project Implementation and Commissioning
7. Measurement and Verification (M&V)

Pages shall be numbered in the IGA and its supporting appendices using a consistent format. If pages are not numbered sequentially across the entire report (i.e., page 1-100), they shall be numbered by section (i.e., pages in the Overview section will be labeled 1-1, 1-2, 1-3; pages in the Facilities Description section will be labeled 2-1, 2-2, 2-3; etc.). Avoid disconnected sections of the report or appendices, which simply state, “Page 1 of 5”, for example.

All tables and figures shall be numbered, labeled, and referred to using a consistent format. If electronic versions of the IGA and supporting calculations are not provided, the ESCO shall make arrangements with the KCC for an in-person review.

The KCC reserves the right to modify this template; please obtain the latest version from the KCC. ESCO modifications to this report format may be made only with KCC advance approval.

1. Overview

1.1. Contact information for both the Customer and ESCO

1.2. Brief executive summary identifying project phases, building names, total project cost, total energy savings, and financial summary

1.3. Summary table of recommended ECMs by Building and ECM, with itemization for each measure of total cost, annual operation and maintenance (O&M) cost savings, first year cost savings (in dollars and energy units), construction payback, and new equipment service life. For each ECM, include the percentage of savings the ECM provides compared to the project’s total expected energy savings. Construction payback is calculated as the construction cost divided by the first year guaranteed cost savings. It is not a fully loaded cost, but allows for relative comparison between various ECMs. The ESCO is expected to use the Summary Table provided by KCC (found in EPC Schedule A) unless advance approval is obtained for a different format.

1.4. Include a calculation of total cost savings expected (guaranteed and projected) if the Customer implements all recommended ECMs and the expected percentage of energy cost savings compared to the facility's total current energy cost

1.5. Conclusions and recommendations

2. Facilities Description

2.1. List and provide a brief description of buildings

2.1.1. Number and age of buildings

2.1.2. Square footage (by building and total)

2.1.3. Type of construction (wall, roof, window, etc.)

2.1.4. Major additions/renovations

2.1.5. Operational hours and set points

2.1.6. Description and number of mechanical and electrical systems (e.g., HVAC, lighting, boilers, etc.) as they pertain to all ECMs considered

2.1.6.1. Location and area of service

2.1.6.2. Age

2.1.6.3. Applicable specifications

2.1.6.4. Useful life (Provide justification. For example, instead of stating "the unit has reached the end of its useful life and needs to be replaced," state, "At 14 years old, the unit has nearly reached the end of its expected life of 15 years, as provided by manufacturer specifications. Given the current maintenance obligations for this unit, it should be replaced.")

3. Utility Analysis

Summary of annual energy use and costs of existing or base-year condition (by fuel type and in dollars and energy units), to include at a minimum:

3.1. Description and itemization of current billing rates, including demand charges, schedules, and riders

3.2. Summary of all utility bills for all fuel types (minimum of three years)

3.3. Base year consumption and description of how established

3.4. End-use reconciliation with base year (include discussion of any unusual findings)

4. Energy Conservation Measures (ECMs)

The ECM section shall contain a complete description of <u>each</u> recommended ECM including:

4.1. Existing conditions. Include equipment, set points, operational hours, etc.

4.2. Description of equipment to be installed and how it will function.

4.3. Discussion of facility operations and maintenance procedures that will be affected by ECM installation and implementation. Specify maintenance responsibilities for the Customer and the ESCO.

4.4. Savings calculations:

4.4.1. Base-year energy use and cost

4.4.2. Post-retrofit energy use and cost

4.4.3. Savings estimates, including analysis methodology, supporting calculations and assumptions used:

4.4.3.1. Annual cost savings for all ECMs must be determined for each year during the finance period up to the expected useful life of the ECM. Savings must be able to be achieved each year (cannot report average annual savings over the term of the contract)

4.4.3.2. Savings estimates must be limited to savings allowed by the Customer as described in IGAA Section 5.1.

4.4.3.2.1. If computer simulation is used, include a short description and state key input data. If requested by the Customer or KCC, access will be provided to the program and all assumptions and inputs used, and/or printouts shall be provided of all input files and important output files and included in the IGA Report with documentation that explains how the final savings figures are derived from the simulation program output printouts.

4.4.3.2.2. If manual calculations are employed, formulas, assumptions, and key data shall be stated.

4.4.4. Percent cost savings projected and guaranteed.

4.4.5. Description and calculations for any proposed rate changes or escalation rates identified in 5.1.2.2. or 5.1.3.1 of the IGAA, respectively.

4.4.6. Explanation of how savings duplication or interaction between retrofit options is accounted for in calculations.

4.4.7. Operation and maintenance savings, including detailed calculations and descriptions. Ensure that maintenance savings are applied only in the applicable years and only during the lifetime of the particular equipment. Provide documentation of service life.

4.5. Cost estimate

Include all anticipated costs associated with installation and implementation. Provide preliminary specifications for major mechanical components as well as detailed equipment counts (e.g., lighting fixtures). The following shall also be included:

4.5.1. Engineering/design costs

4.5.2. Contractor/vendor estimates for labor, materials, equipment; include special provisions, overtime, etc., as needed to accomplish the work with minimum disruption to the operations of the facilities.

4.5.3. Permit costs

4.5.4. Construction management fees

4.5.5. Performance/payment bond costs

4.5.6. Commissioning costs

4.5.7. Other costs/fees

4.5.8. Company overhead/profit

4.5.9. Environmental costs or benefits (disposal, avoided emissions, handling of hazardous materials, etc.)

Note that markups and costs in IGAA Attachment B are ceilings that can be negotiated downward by the Customer, pricing must be transparent, and all costs shall be reasonable for the work or services performed.

In lieu of work proposed to be performed by the ESCO or a subcontractor recommended by the ESCO, the ESCO agrees the Customer may specify that certain energy conservation measure components will be subject to requests for bids to the ESCO from one or more contractors acceptable to the Customer. The ESCO shall provide its specifications for bids for review and comment prior to their release to bidders. Upon written request by the Customer, the ESCO will provide the Customer copies of all bid responses. The ESCO must consent to the bidder reasonably recommended by the Customer, and the ESCO warrants that such consent shall not be unreasonably withheld. The timeframe provided in IGAA Section 3.1 shall be extended by a reasonable number of days taken by the ESCO to obtain bids and conclude bidder selection discussions with the Customer.

4.6. Discussion of measures considered, but not investigated in detail.

5. Financial Analysis

5.1. Financing options

5.2. Preliminary Pro Forma Cash Flow, using sample table provided by KCC (Found in EPC Schedule D)

5.2.1. Guaranteed savings must be shown in the accumulated cash flow (projected savings is optional)

5.2.2. The table must clearly identify guaranteed versus projected savings, for both energy and operations and maintenance

5.3. Provide justification for all escalation rates used in calculations

5.4. Any contingencies or other ESCO-related fees must be clearly identified

6. Project Implementation and Commissioning

6.1. General discussion

6.2. Project/construction management and responsibilities, including, but not limited to the following:

6.2.1. Communications and scheduling

6.2.2. Change orders and alterations

6.2.3. Project closeout

6.3. Project timeline

6.4. Commissioning

6.4.1. Commissioning plan

6.4.2. Discussion of impacts the Customer might experience after the contract ends. Consider operation and maintenance impacts, staffing impacts, budget impacts, etc., and identify who is responsible for maintenance.

6.4.3. Address compatibility with existing systems.

7. Preliminary Measurement and Verification (M&V) Plan

Measurement and verification (M&V) means the standards and definitions in the most current International Performance Measurement and Verification Protocol (IPMVP).

7.1. Include a preliminary M&V plan, explaining how savings from each ECM is to be measured and verified.

7.2. Complete appendices including data used to prepare analyses and description of how data were collected must be provided.

IGAA ATTACHMENT A:
TERMS AND CONDITIONS

1. Contractual Provisions Attachments

1.1. The Provisions found in Contractual Provisions Attachment (Form DA146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part thereof.

1.2. The Customer may incorporate its standard contract provisions as an attachment to this contract. The KCC must approve this attachment.

2. Assignment and Delegation

Except for assignment of antitrust claims, neither party to any resulting contract may assign or delegate any portion of the agreement without the prior written consent of the other party.

3. Indemnification

To the extent authorized by law, the ESCO shall indemnify, save and hold harmless the Customer, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by the ESCO or its employees, agents, subcontractors, or assignees pursuant to the terms of this contract.

4. Venue

The laws of the State of Kansas, U.S.A. shall govern in connection with the formation, performance and the legal enforcement of any resulting contract.

5. Non-Discrimination

The ESCO shall comply with all applicable state and federal laws, rules and regulations involving non-discrimination on the basis of race, color, religion, national origin, age or sex.

6. Incurring Costs

The Customer is not liable for any cost incurred by the ESCO prior to issuance of a legally-executed contract, purchase order, or other authorized acquisition document. No property interest, of any nature, shall occur until a contract is awarded and signed by all concerned parties.

7. Documents Provided to KCC

All notices, reports, and other documents provided by the ESCO to the Customer, and by the Customer to the ESCO, must be provided at the same time to the KCC.