Targeted Steam Air Conditioning Incentive Program
PROGRAM GUIDELINES – Eligibility Criteria and Participation Requirements

To qualify for the Targeted Steam Air Conditioning Incentive Program (the “Program” or the “Incentive Program”), a signed program application (the “Program Application”) and all required supporting materials must be received and approved by Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) prior to ordering, purchasing, or installing any equipment. Eligibility for and participation in the Program is contingent upon the customer satisfying all of the criteria set forth in the Program Guidelines. These “Eligibility Criteria and Participation Requirements” Program Guidelines, together with those Program Guidelines governing “Steam Chiller Incentives” and “Annual Maintenance Incentives”, collectively comprise the Program Guidelines. All such documents, together with the form of customer agreement that you will be required to execute if your project is accepted into the Program (the “Customer Agreement”) and the Program Application are available on the Company’s website at http://www.coned.com/steamac, and you are urged to read all such documents in their entirety. If you have any questions, please contact Con Edison at the phone number identified in the Program Application. (Capitalized terms used and not defined herein have the meanings set forth elsewhere in the Program Guidelines or in the Customer Agreement).

The following details eligibility criteria for this Program and requirements for approval of participation and receipt of incentive payments:

1. **Customer must complete the incentivized project by June 1, 2016 to guarantee incentives.** To participate in the Program, an existing or prospective customer must be located within Con Edison’s electric service territory and the project must be fully operational on or before June 1, 2016. Program Guidelines (eligibility, incentives, etc) are subject to change and/or elimination for projects completed after the stated deadline. After June 1, 2016, system-wide eligibility will be eliminated and the program will revert back to a network specific program (eligible networks to be determined based on electric system needs in 2016). Projects not completed and operational by June 1, 2016 and not in eligible targeted networks, will not receive incentives.

2. **Customer must install new steam powered chiller equipment.** The Incentive Program applies to any customer that seeks to do one of the following:
   (a) Option # 1: Replace its existing steam powered chiller equipment with new steam powered chiller equipment.
   (b) Option # 2: Replace its existing electric powered chiller equipment with new steam powered chiller equipment.
   (c) Option # 3: Install a new steam powered chiller in lieu of an equivalent electric powered chiller for a new construction or major renovation project.
   (d) Option # 4: Custom chiller projects proposed by the Customer and subject to review and approval by Con Edison
      (i) Custom projects must reduce or avoid quantifiable electric load
      (ii) Custom projects include, but are not limited to, rebuilding an existing steam turbine chiller in lieu of converting the chiller using an electric driveline or replacing the entire chiller with an equivalent electric powered chiller.

3. **Customer must operate and maintain steam powered chiller equipment and purchase steam service from Con Edison.** All accepted applicants will be required to enter into a Customer Agreement, pursuant to which customer will be required, among other things, to operate and maintain the steam powered chiller equipment (the “Incentivized Equipment”) and purchase steam service from Con Edison for a minimum period of ten (10) years.
Prospective participants are urged to review, in detail, the Customer Agreement available on the Program’s website at http://www.coned.com/steamac.

4. **Requirements for hybrid chiller configurations (electric and steam machines located in a common chiller plant).** Customers seeking to install a hybrid chiller plant must commit to electric load avoidance or curtailment in accordance with the following:

   (a) **Load Reduction Commitment.** Customers operating a hybrid chiller plant must commit, in the Customer Agreement, to avoid electric kW demand during the period of May 1st and September 30th of each year during the ten (10) year term of the Agreement, by a pre-determined amount (equal to the calculated steam chiller electric kW equivalent).

      (i) Hybrid chiller plant customers will be called (21 hours and two (2) hours in advance) to provide the committed load avoidance or reduction in parallel with Con Edison’s Commercial System Relief Program (CSRP) when the system peak is forecasted to be 96% or greater of the Company’s forecasted summer peak; provided that customers will not be required to avoid peak load on more than ten (10) occasions during any May 1 to September 30 period. Depending on the customer’s electric network location, the customer will be assigned an “event call window” matching those of the CSRP (available at www.conEd.com/DR). No additional incentives will be provided for this commitment.

      (ii) Hybrid chiller plant customers will be called (a day ahead and the day of) to provide the committed load avoidance or reduction in parallel with the New York Independent System Operator’s (NYISO) Special Case Resource (SCR) program. No additional incentives will be provided for this commitment.

      (iii) At Con Edison’s discretion, the customer may be called during selected network specific events with notice ranging from immediate to several hours in advance – in parallel with Con Edison calling its Distribution Load Relief Program (DLRP). Network specific events (and customer’s load reduction commitments with respect thereto) may occur at times and for durations that match the rules of the DLRP program (see www.coned.com/DR for more information). No additional incentives will be provided for this commitment.

      (iv) The timing and kW amount of customer’s load reduction commitment will be determined by Con Edison and shall be set forth as an estimate in the Acceptance Letter and as final in the Post-Inspection Letter. This kW offset commitment will be used to ensure the incentivized chiller equipment is providing electric load relief on the electric system during peak cooling days as required. Given the kW offset commitment is equal to the incentivized steam equipment electric kW equivalent, compliance with this provision simply requires full load operation of the incentivized steam equipment in lieu of or prioritized ahead of electric chiller equipment. If, for whatever reason, the incentivized chiller equipment cannot operate at full load during demand response events, then other customer demand reductions would be necessary, up to the kW offset commitment amount, to meet these requirements.

      (v) This specific load reduction commitment is separate and distinct from any other demand response program commitments and may not be enrolled in any other demand response programs. This provision does
not prevent other demand response commitment enrollments in other programs provided those commitments are not dependent on the incentivized steam chiller operations.

(b) **IM Meter.** Participating customers with hybrid chiller configurations are required to have a dedicated internal meter (IM) installed for the electric chiller(s) to be eligible to receive incentives with respect to such plants. Customers without an IM applying for incentives for a hybrid chiller plant will be required to install an IM at their own expense. The IM will be used in conjunction with steam load meters to determine customer’s electric and steam loads during required participation events. Actual, metered loads will be compared to historic loads (weather adjusted as needed) to calculate customer’s baseline electric and steam loads. These baseline loads will be used to determine whether the steam chiller was operating at full capacity and whether the electric chiller (measured via the dedicated IM) was operating at all or at some partial load.

(c) **Liquidated Damages.** Failure to provide the committed electric load reduction, when required, will result in prescribed liquidated damages payable to Con Edison as detailed in the Customer Agreement. If, for example, the steam load indicates less than full steam chiller use and the electric chiller is seen via the IM to be operating at a high capacity during a participation event, then customer’s electric load reduction requirements will not have been met and liquidated damages will be owing to the Company. The amount of such damages will be calculated based on a comparative analysis of baseline steam and electric loads described above to actual, metered loads during the applicable period taking into account the customer’s cooling profile/needs and the steam and electric equipment’s characteristics. Based on this analysis, a determination will be made as to what the customer’s steam and electric load profiles should have been to comply with the Program requirements, and any difference between the required [electric] load and the actual [electric] load during the applicable period will form the basis of the liquidated damage calculation. If, alternatively, the steam chiller is seen to be operating at full capacity and the electric chiller is seen to not be operating or operating at an acceptable partial load as needed to accommodate the customer’s peak load requirements, then no liquidated damages will be assessed.

5. **Requirements for high floor installations or custom chiller projects.** Customers wishing to apply incentive funding towards the replacement of any existing steam chiller located on the upper levels of the building (10th floor and above) or for custom chiller projects are required to obtain and submit to Con Edison an engineering assessment, prepared and signed by a New York State licensed professional engineer, comparing the cost and challenges associated with installing a new steam chiller against a new equivalent capacity electric chiller. This assessment should include but not be limited to the following:
   (a) Life cycle cost analysis of both options
   (b) Electric infrastructure upgrades
   (c) Mechanical infrastructure upgrades
   (d) Maintenance requirements and costs
   (e) Available incentives
   (f) Equipment costs
   (g) Installation costs
   (h) Demolition and site preparation requirements
   (i) Rigging requirements and costs
   (j) Controls and equipment start-up requirements
Con Edison will review the assessment to determine, in its sole discretion, whether a sufficient differential cost exists that would justify payment of an incentive to install a new steam chiller. Con Edison’s determination shall be final.

6. **Requirements for multiple chillers; partial installations.** Any customer that seeks to obtain incentives in respect of the installation of (i) multiple steam-powered chillers or (ii) a new steam chiller that represents only a portion of its entire chiller plant is required to obtain and submit to Con Edison an engineering assessment, prepared and signed by a New York State licensed professional engineer, that describes:
   (a) The calculated or actual peak cooling load (tons) of the property.
   (b) The calculated or actual cooling load profile of the property.
      (i) Number of annual operation hours.
      (ii) Number of operation hours at various load levels.

   The applicable incentive rates will be applied to the calculated peak cooling load that will be serviced by the multiple steam powered chillers or by the portion of the chiller plant that is steam powered, as applicable.

7. **No incentive payments for back-up equipment.** Chillers that are determined by Con Edison to serve or be utilized as “back-up”, “standby”, or “redundant” will not be eligible for an incentive pursuant to the Program.

8. **Equipment Efficiency Requirements.** All chillers as to which an incentive is paid shall meet the following minimum full load minimum efficiency ratings:
   (a) Steam Turbine Chiller or Steam Turbine Rebuild – 9.5 lbs per ton
   (b) Double Stage Absorption Chiller – 9.7 lbs per ton
   (c) Single Stage Absorption Chiller – 17 lbs per ton
   (d) Custom Chiller Project – one of the above minimum efficiency ratings depending on the chiller type OR to be determined in the custom project review process

   All chillers are required to meet the full load minimum efficiency levels listed above when selected at ARI standard operating conditions. The applicant may be required to submit an additional equipment selection at the ARI standard operating conditions to prove that the particular model meets the listed criteria above.

9. **Amount of Incentive Payments.** The actual incentive amount payable to customer will be determined based upon the final review of customer’s Program Application by Con Edison and may vary from the original estimate. Con Edison shall require the customer to repay a prorated portion of the incentive paid to the customer if the customer discontinues steam service from Con Edison or removes the incentivized chiller equipment (in whole or in part) prior to the conclusion of the 10-year contractual period, unless the customer substitutes new steam chiller equipment. Customers that create a new hybrid type chiller plant during the 10-year contractual period are required to comply with the requirements of paragraph 4 above or repay a prorated portion of the incentive paid.

10. **Con Edison’s Determination.** During the course of this Incentive Program, disputes may arise regarding eligibility of customers, energy-saving potential of proposed projects, amounts of rebates, custom project eligibility, or other issues. Customers may submit data to Con Edison in support of their position. However, Con Edison will base its determination of incentive eligibility and amount solely on the amount of avoided electric peak load it determines the installation provides, and all such determinations shall be final.

11. **Maintenance Plan/Remote Monitoring Incentives.** Payment of an annual maintenance incentive pursuant to the Program in contingent upon customer’s entry into an annual service contract with the manufacturer or authorized service provider of the chiller equipment and provision of a true and complete copy of such contract to Con Edison. A bonus amount is payable to customers who choose to participate in a remote monitoring program with the manufacturer. This incentive shall be provided on an annual basis for a
maximum of ten (10) years starting after the equipment has been installed and commissioned. See “Program Guidelines – Annual Maintenance Incentives”.

12. **No representations or warranties by Con Edison.** Con Edison does not represent, warrant or otherwise guarantee that the use of the equipment purchased or installed pursuant to this Program will result in energy or cost savings. Accordingly, customer shall rely solely upon its own qualified engineers or other consultants or advisors to evaluate the projected energy consumption, cost savings, and the operation of customer facilities.

13. **Installation requirements.** All work performed in connection with any installation as to which incentive payments may be made pursuant to the Program shall comply in all respects with all applicable laws, rules regulations and codes of authorities having governmental and regulatory jurisdiction. Additionally, where required, work must be performed by licensed contractors.

14. **Tax matters.** Con Edison is not responsible for any taxes that may be imposed on or incurred by customer as a result of projects installed or incentives paid pursuant to the Program. The customer’s tax adviser should be consulted about the taxability of any incentives and the availability of tax credits associated with the installed equipment. Each customer must provide an accurate Employer Identification Number or Social Security Number on the Program Application form.

15. **Additional incentives.** All participants that are accepted into this Program will **NOT** be eligible for any additional service discount incentives under Provision E for Service Classifications 2 and 3.

16. **Reservation of rights.** Con Edison reserves the right to change or terminate this Incentive Program and to amend these and the other Program Guidelines at any time and for any reason. However, Con Edison will honor all written commitments made in Acceptance Letters (provided that a Customer Agreement is promptly entered into in accordance with the Program Guidelines) and in Customer Agreements duly executed by Con Edison, provided that customer complies with its obligations under the Program Agreement and the project installations satisfy the conditions contained in the Program Guidelines.