

Energy Efficiency Portfolio Standard (EEPS) Block Bidding Program

Frequently Asked Questions

Note: The Block Bidding Program is a product purchase. Like all purchases of products or services, this procurement will follow the rules and protocols set by Supply Chain on behalf of Iberdrola USA Management Corporation (IUMC), NYSEG and RG&E.

Supply Chain requires that all questions from potential bidders (including customers, ESCOs, third-party aggregators, etc.) be addressed to the primary Supply Chain point of contact (in this case, Karen Jones). Only the information included in this FAQ may be provided to interested parties by other employees of NYSEG, RG&E or IUMC or by the Companies' consultant, Applied Energy Group (AEG).

No assistance or support of any kind should be provided by employees or AEG to potential bidders, except as specifically requested by Supply Chain. Any such discussions are grounds for rejecting the bidder's proposal.

1. What is the Energy Efficiency Portfolio Standard (EEPS)?

New York State is striving to reduce electric energy usage by 15% by 2015. Utilities and NYSERDA are working together through the statewide Energy Efficiency Portfolio Standard (EEPS) to achieve that goal.

2. What is the Block Bidding Program?

Under the Block Bidding Program, NYSEG and RG&E will purchase "blocks" of electricity savings – reduced electric usage – from commercial, industrial and municipal customers or from third parties (aggregators) working with those customers.

3. How is the Block Bidding Program different from a rebate program?

Under a rebate program, customers apply for a rebate when they install qualifying energy-efficient equipment. The amount of the rebate is either specified in advance for each savings measure (prescriptive) or calculated based on a specific formula (custom). The Block Bidding Program is an auction. The winning bidders in the auction will receive their bid price.

4. Do NYSEG and RG&E have a rebate program for commercial, industrial and municipal customers?

Yes. The Companies launched a rebate program for these customers in July, 2010.

5. I am a nonresidential electric customer of NYSEG or RG&E. If I submit a bid in the Block Bidding Program or if an aggregator bids savings from my site, can I also participate in the rebate program?

Yes, with one exception. Successful bidders in the Block Bidding Program cannot receive a rebate from NYSEG, RG&E, NYSERDA or any other New York State utility for the specific measures and savings in their successful bids. Customers may apply for

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other rebates or incentives for any measures that were not bid in the auction, or were included in unsuccessful bids.

6. Who is eligible to participate in Block Bidding?

Any NYSEG or RG&E electric commercial, industrial or municipal customer who pays the system benefits charge (SBC) on their electricity bill is eligible. Third parties (called aggregators) may also bid the savings from eligible customer sites, if they have the agreement of those customers.

7. What size customers or customer service classes are eligible?

Nonresidential customers of any size can submit their own bid or be host sites for the savings bid by an aggregator. Smaller customers may need to work with an aggregator in order to meet the minimum bid size.

8. What are some examples of Block Bidding?

- A company may have a large project in mind that includes a number of different energy-saving measures such as lighting and heating/ventilating/air conditioning upgrades, and the project doesn't fit neatly into an existing lighting or rebate program. The company could submit a block bidding proposal to help justify the capital outlay needed for the project.
- An energy services company (ESCO) could put together a financing opportunity for projects and submit a block bidding proposal to lower interest rates or provide loan guarantees.
- In order to meet the 100-mwh minimum for reduced electricity use, a third party may submit a block bidding proposal for aggregated projects from a number of customers (lighting retrofits, chiller upgrades, electric heat upgrades, etc.).

9. What are the limits on the size of a bid?

All bids must exceed a minimum size of 100 megawatt hours (MWh). The Companies plan to purchase electric energy savings for NYSEG and for RG&E. Purchase levels will be subject to the amount of program funds available at the time selections are made. Suppliers are not restricted on the number of proposals they may submit. The Companies reserve the right to accept or reject any and all bids at the sole discretion of the Companies.

10. If I am a NYSEG or RG&E natural gas customer, can I still qualify for this program?

This program is open only to NYSEG and RG&E customers with active electricity service who pay the SBC charge on their electricity bill.

11. Will aggregation of multiple accounts be considered?

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Yes. Aggregators may submit a single bid that gathers the savings of multiple customers – as long as those customers are either NYSEG or RG&E customers. (The companies will accept an aggregated group that contains a mix of customers from both companies as long as energy savings and costs can be identified by operating company.) NYSEG and RG&E will not create aggregated customer groups, nor will the companies be able to recommend aggregators or assist customers in aggregating efforts.

12. What is an aggregator, and how can I become one?

An aggregator is a third party that bids the savings of eligible customers into the Block Bidding auction. There are no pre-qualification requirements for aggregators; however, aggregators will be required to submit proof that they have the approval of each host customer to bid savings from the host customer sites into the auction. If their bid is successful, all bidders, including aggregators, will be required to sign a Savings Purchase Agreement that will hold them accountable for delivering their bid savings.

13. Can an RG&E or NYSEG customer be an aggregator?

Yes, if you bid savings from other customers into the auction. You can bid savings from your own sites into the auction as part of your proposal as well, but it is not necessary for you to do so.

14. How long does the program last and when does it start and end?

The Request for Proposal (RFP) will be issued on or about August 15, 2011. Savings must be achieved no sooner than 2 weeks following final signatures on the Services Agreement and no later than October 31, 2012.

15. How do I apply for the Block Bidding Program?

Participants must submit bids to sell savings to NYSEG/RG&E in response to a request for proposal (RFP). The RFP will be available on or about August 15, 2011 by accessing our Block Bidding Program at nyseg.com/rge.com and submitting a request to be added to the list of potential bidders prior to close of business August 10, 2011. You will then be provided with the RFP as soon as it is available, together with a Bid Acknowledgement Form. To qualify to submit a bid, you will be required to submit a completed Bid Acknowledgement Form by the deadline noted in the RFP. Bidders will be given approximately 8 weeks to prepare and submit their bid proposals. No proposals will be accepted after the bid submittal deadline. Important dates and details are outlined in the RFP.

16. What type of information is required to apply for this program?

These details will be available in the RFP. Among other requirements, all sites and measures must be specifically identified in the proposal, and all measures must pass a Total Resource Cost (TRC) test.

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17. How will customers be made aware of this program?

Customers can learn about the program from several sources. Some will be contacted directly by NYSEG/RG&E marketing and sales representatives, some may learn through the media, some may learn through referrals or from information posted on nyseg.com/rge.com. Businesses that have previously expressed interest in becoming aggregators will also be notified, and customers may learn about the program from those aggregators.

18. If I currently use an energy services company (ESCO) for my energy supply, should I contact them to apply for this program?

It is up to each ESCO to decide whether to become an aggregator. Please contact your ESCO to learn whether they intend to participate.

19. What type of measures will qualify?

Most cost-effective electric savings measures – that is, most measures that pass the Total Resource Cost test – will qualify. Measures must provide permanent and sustainable energy savings. More details will be available in the RFP.

20. Will I receive a check or a credit on my account?

The winning bidders will be paid according to the terms of the Services Agreement. The Services Agreement will be included in the RFP.

21. How will aggregated accounts be paid?

NYSEG and RG&E will pay aggregators their bid price in accordance with the Services Agreement. Any commitments made between aggregators and host customers, including payments, will be based on arrangements made between individual aggregators and customers, and are not the responsibility of NYSEG or RG&E.

22. What if my bid wins and I am unable to deliver the savings?

The RFP and Services Agreement will specify the consequences of failing to deliver on your commitment, and acceptable ways, if any, to mitigate those consequences.