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## > GENERAL QUALIFICATIONS

### Personnel Information

- Full-Time Personnel

Out of Schneider Electric Buildings America's 1370 employees, it is anticipated approximately 2% (or 27 people) will be available to contribute to projects in Oregon. The following are the selected key personnel for Oregon. Resumes are attached in the appendix.

- Qualifications & Experience of Project Personnel Key Personnel References

JORDAN LERNER – WEST COAST DIRECTOR	
<p><b>Role and Responsibilities:</b> Regional Director, responsible for overseeing the TAC team for all Oregon projects and contract negotiations.</p> <p><b>Specific Role Qualifications:</b> Jordan has extended experience in managing ESPC and consulting engineering programs, especially focused on the client-to-vendor relationship, ensuring the agreed upon project goals and expectations are met.</p> <p><b>Supervisory:</b> Yes, entire team</p> <p><b>Educational Background:</b> B.S. Architectural Engineering - University of Kansas</p> <p><b>Past Relevant Experience:</b> 18 years as electrical engineer, director of consulting engineering, and sales director. <i>Jordan was the director of TAC's consulting engineering group until 2007, when he transitioned to Energy Solutions upon the absorption of the CE group into ESPC development.</i></p>	<p><b>Project Involvement Since 2003:</b></p> <p><b>The following are guaranteed savings ESPC projects:</b> Hendrix College (Cost: \$3.5 million) Hoisington School District (Cost: \$1.4 million) Eudora School District (Cost: \$3.9 million)</p> <p><b>The following are consulting engineering projects:</b> University of Washington – Emergency Power System Expansion (CE Fee: \$649,000), Data Center (CE Fee: \$445,000) Central Washington University – Dean Hall (CE Fee: \$437,000) Bellevue Community College (CE Fee: \$127,000) South Puget Sound Community College – Switch replacement (CE Fee: \$30,000), Humanities and Science Building Commissioning (CE Fee: \$115,000) North Seattle Community College (CE Fee: \$148,000)</p>
<p><b>Personnel Reference:</b> Penny Koal, WA State Dept of General Administration, 360-902-7259</p>	
DAVID PALMER, LEED AP – CLIENT REPRESENTATIVE	
<p><b>Role and Responsibilities:</b> Program manager, responsible for facilitating communications between owner and TAC team.</p> <p><b>Specific Role Qualifications:</b> With a strong background in communications and team facilitation, David is highly skilled in client communication and team coordination.</p> <p><b>Supervisory:</b> Yes, entire team</p> <p><b>Educational Background:</b> B.A. Business Administration - Washington State University</p> <p><b>Past Relevant Experience:</b> 3 years as regional client representative for TAC, 5 years other industries</p>	<p><b>Project Involvement Since 2006</b> (<i>when David joined the ESCO industry</i>):</p> <p><b>The following are all guaranteed savings ESPC projects:</b></p> <ul style="list-style-type: none"> <li>• Lamar University (Cost: \$13.7 million)</li> <li>• Pendleton School District (Cost: \$1.9 million)</li> <li>• many others in development</li> </ul>
<p><b>Personnel Reference:</b> (<i>although not from executed projects, these references have experience in working with David</i>): Michael Morgan, Superintendent, Colfax School District, 509-397-3042 Wayne Schmidt, Architect, 503-364-7775</p>	

<b>JEFF COLES, P.E. – PROJECT DEVELOPMENT MANAGER</b>	
<p><b>Role and Responsibilities:</b> Technical energy analysis, conceptual engineering and design oversight, data collection and system audits.</p> <p><b>Specific Role Qualifications:</b> Jeff has extensive knowledge of energy analysis, conceptual engineering, and oversees/assists one of TAC's critical project development teams.</p> <p><b>Supervisory:</b> Yes, analysis and design</p> <p><b>Educational Background:</b> B.S. Mechanical Engineering - University of Washington</p> <p><b>Past Relevant Experience:</b> 20 years of design, engineering, energy analysis, team management, and creative solution generation in numerous client types and regions.</p>	<p><b>Project Involvement Since 2003:</b></p> <ul style="list-style-type: none"> <li>• Highline Medical Center (ESPC, project cost \$4.38M)</li> <li>• Helen Hayes Hospital (ESPC, project cost \$3.1 million)</li> <li>• Odessa Memorial Hospital (ESPC, project cost: \$331,192)</li> <li>• Kittitas Valley Community Hospital (ESPC, project cost: \$2,481,146)</li> <li>• Central Washington University (both ESPC and consulting work, project cost \$25 M+) <i>Projects include</i> - Nicholson Crossing &amp; Extensions, Boiler Plant Controls, East Side of D Street</li> <li>• Si View Metropolitan Park District (ESPC, project cost \$541,826)</li> </ul>
<p><b>Personnel References:</b> Dave Rinker, Chief Engineer, Highline Medical Center, 206-439-5475 Tom Hattermer, P.E, Hattermer Hornsby &amp; Bailey, P.C, 334-358-2707</p>	

<b>FRED MCCANDLESS – SENIOR PERFORMANCE ASSURANCE CONSULTANT</b>	
<p><b>Role and Responsibilities:</b> Working with project team to understand design intent and project requirements, commissioning, assisting in training and customer handoff, and implementing the measurement and verification plan. Also troubleshooting any issues and ensuring ongoing client satisfaction.</p> <p><b>Specific Role Qualifications:</b> Fred handles commissioning/training and post-construction relationships with TAC clients on a regular basis. He is highly skilled with control systems, financial analysis, M&amp;V and becoming a valued advisor to a TAC client as they together track the performance of our project and pursue continued improvement as a team.</p> <p><b>Supervisory:</b> No</p> <p><b>Educational Background:</b> B.A. English, Seattle University, 1980</p> <p><b>Past Relevant Experience:</b> 23 years</p>	<p><b>Project Involvement Since 2003 (partial list):</b></p> <ul style="list-style-type: none"> <li>• Highline Medical Center (ESPC, project cost \$4.38M)</li> <li>• Central Washington University (both guaranteed savings and consulting work, cost \$25M+) <ul style="list-style-type: none"> <li>– Science Building commissioning</li> <li>– Hebel Hall HVAC upgrade</li> <li>– New Music Building commissioning</li> <li>– Lind Hall Geology Lab commissioning</li> <li>– Campus wide condensate metering</li> <li>– Computer Center cooling upgrade</li> <li>– Jongeward Hall HVAC/control upgrade</li> <li>– Student Union Building controls review</li> <li>– Nicholson Pavilion heat recovery installation &amp; commissioning</li> <li>– Irrigation system improvements construction and commissioning</li> </ul> </li> <li>• Pendleton School Dis. (guar.sav., cost: \$1.9M)</li> <li>• Kittitas Valley Community Hospital (guaranteed savings, project cost: \$2,481,146)</li> <li>• Odessa Hospital (guar. savings, cost: \$331,192)</li> <li>• Helen Hayes Hospital (guar. savings, cost: \$3.1M)</li> </ul>
<p><b>Personnel Reference:</b> Brian Allen, President, ATS Automation, 425-251-9680</p>	

- Areas of Expertise

Menu Of Services & Areas of Expertise	
<p><b>Sales:</b></p> <ul style="list-style-type: none"> <li>Overall program management</li> <li>Education on ESPC process and qualification</li> <li>Grant and rebate assistance</li> <li>Coordination of financing and ensuring desired results are delivered</li> </ul> <p><b>Project Development and Engineering:</b></p> <ul style="list-style-type: none"> <li>Energy auditing and analysis</li> <li>Audit project management</li> <li>Development engineering:                             <ul style="list-style-type: none"> <li>Controls, renewable energy systems, heat recovery, electrical distribution and metering, HVAC (retrofit and redesign), lighting, and water conservation</li> </ul> </li> <li>Design engineering</li> <li>Estimating and cost control</li> </ul>	<p><b>Installation:</b></p> <ul style="list-style-type: none"> <li>Construction management and administration</li> <li>Site supervision</li> <li>Commissioning:                             <ul style="list-style-type: none"> <li>Pre-functional testing</li> <li>Functional performance testing</li> <li>Testing, adjusting &amp; balancing</li> <li>Acceptance testing</li> </ul> </li> </ul> <p><b>Performance Assurance Support Services (PASS):</b></p> <ul style="list-style-type: none"> <li>Training</li> <li>Support services</li> <li>Measurement and verification</li> <li>Monitoring and reporting</li> </ul>

TAC customarily performs energy and water system engineering, auditing, development engineering, design, equipment selection, construction management, training, and M&V services with employees.

- Contract Negotiation Personnel

**Jordan Lerner**, Sales Director – 95 South Jackson, Seattle, WA 98104, 206-406-5239

- Subcontractors

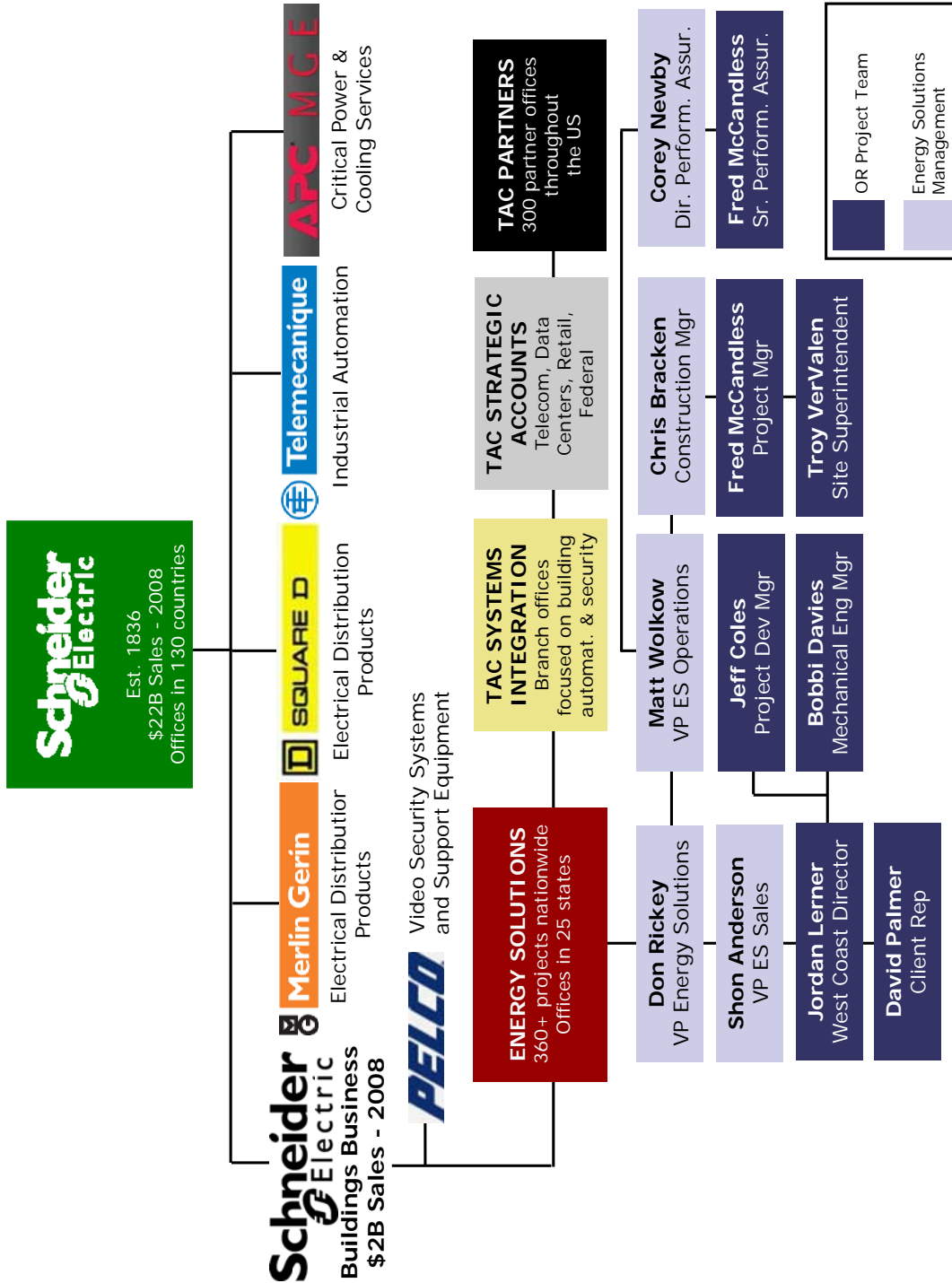
TAC acts as a general contractor in performance contracts. We use subcontractors as needed to install the various EEMs that will be proposed as part of our projects. However, TAC will be responsible for the design, plans and specifications, construction drawings, record drawings, scheduling, equipment procurement, construction management, start-up, punch-list development, and final acceptance inspections for all projects. TAC will also ensure that the design and installation of the work complies with all current local, state and federal construction and environmental codes and regulations. Occasionally TAC subcontracts for commissioning, maintenance and service, or requires vendors to provide training directly for the equipment they are responsible for installing.

TAC has designed a certification program for our subcontractors that will assure the consistency of effort that we demand in our final product. By standardizing our procedures, each subcontracting vendor (and customer) knows what to expect of TAC's finished product. This program allows us to attract the best possible value in installation labor for our customers' projects. TAC commits to keeping as much work as possible in local areas and welcomes the opportunity to work with any contractor recommended by the building owner. All subcontractors will be expected to meet the vendor criteria required in TAC's Subcontractor Survey and will be expected to comply with all TAC standards.

- Subconsultants

TAC does not intend, at this time, to utilize any sub-consultants on agency projects. This is subject to change depending on direction of project and needs/requirements of the customer, with customer approval.

- Organizational Chart



## Project Histories

### *Notes on the following project history information data (section 14 of the project history response):*

The following project histories are the projects managed out of Schneider Electric's Seattle office within the last 3 years. The team for Oregon (Jordan Lerner, David Palmer, Jeff Coles, and Fred McCandless) has only recently been brought together due to reorganization and is yet to have all 4 worked on a project from initial interest/selection through completion/guarantee phase. At the time of this SOQ, the sole project they have all contributed to is at the end of "Phase 1" of the ESPC process and awaiting a finalized Phase 2 contract, so therefore is not included. Being that Jeff Coles and Fred McCandless have the most hands-on roles in producing a successful project, the following are the projects they have worked on recently. All of the following projects had critical scheduling requirements and need for careful coordination to not disrupt primary function of the facility during the upgrades.

All projects have been managed by Schneider Electric within the last 3 years (with management assumed to mean either construction or an active M&V contract). Some projects Schneider Electric has implemented have taken significant periods of time to complete construction. As a result, several of these projects enclosed are still in the installation phase and do not have achieved savings data.

Schneider Electric assisted in any way necessary to secure funding for the following projects (cash excluded). It is our policy to help arrange financing and assist in that process as much as the client requires. However, Schneider Electric does not charge a brokerage fee or finance ESPC projects in-house.

For the cases below, energy and water savings measured using IPMVP Option A and B are considered stipulated savings (because they are essentially savings that are agreed upon up-front and not truly tracked). This is typically the case for all water savings (typical water savings calculations are included in the body of the proposal) and where energy savings are not cost effective to track (small meter loads or small buildings). The stipulated numbers are conservative and thoroughly discussed with the client before being included. Achieved energy savings numbers may be significantly behind fiscally, due to our tracking capabilities being limited to the bills we have received from the client thus far. The data is as current as we have our records pending receipt of more recent utility billing data.

Due to Schneider Electric's project development process, initially projected savings numbers (which are included for each reference) are not always the final projection after project scope is selected. Furthermore, Schneider Electric guarantees (and encourages our clients to build their financial terms around) 85% of the final projected savings. This allows more leeway for the client to make minor adjustments without requiring guarantee adjustment, and typically provides a positive cash flow situation after debt service.

1) Project ID – 1. Central Washington University, State University, Ellensburg, WA (Fred McCandless, Jeff Coles, Jordan Lerner, and David Palmer have all contributed to projects at CWU)

Schneider Electric has performed over \$28 million worth of work for CWU, both in a consulting engineering and ESCO capacity in numerous buildings with a wide variety of services and types of improvements. Through strategic upgrades to HVAC systems, controls, lighting, distribution systems, and other infrastructure, Schneider Electric has helped CWU maintain significant energy conservation strategies and technologies. Over the last eight years, although CWU has increased their square footage by 20%, their gas prices have increased 276%, and their electricity prices have increased 21%; their energy use per square foot has dropped 25%.

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms
Start: 1998 Complete: 2008	Campus-wide, numerous phases	<i>Contract: \$28M Capital Investment: \$17M On Budget: Yes</i>	Funded through energy loans and rebates as well as state appropriation funds	Guaranteed savings of varying terms and professional service contracts
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.	14) Comments	15) References (owner and sub)
Jeff Coles Mark Kinzer Bobbi Davies Kip DeWees Bob Giese Meghann Ison Ben Johnson Mark Foster Fred McCandless	On time	Steam line replacement Chiller plant upgrades Construction of underground utilidors Upgrade of the chilled water distribution system Boiler control upgrades Campus wide metering Lighting upgrades HVAC and communication systems upgrades Laboratory space HVAC Campus-wide building automation system replacement	Complex scheduling requirements, major system replacements, and understanding both individual facilities' needs and goals along with college system's vision	Bill Vertrees Director of Facilities 509-963-1012 400 E. University Way Ellensburg, WA 98926  Brian Allen President ATS Automation, Inc 425-251-9680 450 Shattuck Dr. S Renton, WA 98057

CWU opted to not have Schneider Electric measure and verify or offer a fully tracked guaranteed savings program for this utilidor project. This speaks to the value of our relationship in that when we project savings CWU trusts they will be achieved. This outstanding relationship is an example of our long-term partnership approach. We offer full M&V and Guarantee services to any customer but are also flexible to delivering the right scope of M&V and support services post-project.

10) Projected annual savings – all agreed upon up front by CWU and not tracked by TAC	11) Guaranteed annual savings – agreed upon with no shortfall check provision	12) Actual Annual Savings <i>are tracked internally by CWU</i>		
		Year #1 & Installation	Year #2	Year #3
Nat. Gas \$: 801,413				
Electricity \$: 565,000				
Maint. \$: 360,075	\$:1,726,488			

1) Project ID – 2. **Chicago Public Schools**, administration headquarters, Chicago, IL (Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms	
Start: 2007 Ongoing	1 building, 506,000 sq ft	<i>Contract:</i> \$17,600,000  <i>Capital Invest.</i> \$17,600,000  <i>On Budget:</i> TBD	Cash	Guaranteed Savings, 15 years	
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.		14) Comment	15) References (owner)
Martin Pape Michael Walker Brian Kohler Scott McVey	ongoing	New steam boilers New chiller Installation of chilled water plant to replace district service New DDC control system Lighting retrofit and controls Window replacements		Critical system installation in a highly occupied 18 story high-rise in downtown Chicago, including major envelope upgrades	Joseph Clair Managing Engineer 773-553-4126 125 South Clark St. Chicago, IL 60603

10) Projected average annual savings	11) Guaranteed annual savings	12) <i>Actual Annual Savings not yet measured, project is still in installation phase and has not entered the M&amp;V phase.</i>	
		Year #1	Year #2
kWh: 3,496,066			
kW: 1,285			
MCF: 44,011			
Ton-hrs CHW: 3,227,305			
Tons CHW: 14,400			
Total \$:1,438,670	\$1,324,785		

1) Project ID – 3. Kittitas Valley Community Hospital, public critical access hospital, Ellensburg, WA (Jeff Coles & Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms	
Start: 2005 Complete: 2005	1 hospital, 80,000 sq ft	<i>Contract:</i> \$2,481,146 <i>Capital Inv.</i> \$0 <i>On Budget:</i> Yes	Revenue bond	Guaranteed savings, 2 years	
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.		14) Comments	15) References (owner and sub)
Greg Koontz Brian Hansen Kristina Sing Eric Stearns Kristen Falkenberg	Ahead of schedule	Retro-commissioning Energy management system AHU replacement Boiler Retrofit Hot water plant addition Chilled water pump modifications		Complicated installation in emergency room and other critical areas that could not be shut down for upgrades	Randy Kaiser Director of Engineering Services - KVCH 509-962-7337 603 S Chestnut St Ellensburg, WA 98926  Wayne Kisner Stirrett-Johnsen 360-692-6128 5555 Westgate Rd NW Silverdale, WA 98383

10) Projected average annual savings (including stipulated energy savings of \$29,791)	11) Guaranteed annual savings	12) Actual <i>Tracked Annual Savings (stipulated savings were deemed not cost effective to track per customer approval)</i>	
		Year #1	Year #2
kWh: 381, 630		Stipulated	Stipulated
kW: 424		Stipulated	Stipulated
Nat Gas (CCF): 101,029	85,875	99,390	103,421
\$: 112,231	\$: 82,440	\$: 95,414	\$: 99,281

1) Project ID – 4. **Hiram G. Andrews Center**, state training facility including living quarters, Johnstown, PA (Jeff Coles & Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms	
Start: 2002 Complete: 2003 (Ph 1) Phase 3 currently in construction (to enter M&V phase in 4-09)	1 building, 550,000 sq ft	<i>Contract:</i> \$8,041,000 (ph1) <i>Capital Invest:</i> \$8,041,000 <i>On Budget:</i> Yes	Internal funds	Guaranteed savings, 10 year contract term	
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.		14) Comments	15) References (owner)
Jeff Coles Tom Hoffecker Doug Stouffer John Kalnasy	On-time	Coal plant converted to gas with 400kw cogen turbine Upgrade controls and HVAC Lighting upgrades (extend controls, new windows other HVAC mods in Ph 2, new chiller in Ph 3)		Extensive modernization of continuously occupied state training facility including full-time living quarters.	Carol Hickman Business Manager cataylor@state.pa.us 727 Groucher St. Johnstown, PA 15905

10) Projected annual savings	11) Tracked guaranteed savings	12) Actual Annual Savings (tracked 2 years for Phase 1 of this 3 phase project)		
		Year #1 & Installation	Year #2 – end of guarantee	Year #3
kWh: 2,733,525	2,323,496	1,943,663	1,903,328	
KW: 0	0	320	105	
Nat. Gas (CCF): 0	0	-2,925	-24,212	
Coal (Ton): 5,675	4,824	4,824	4,824	
Oil (gal): -659,599	-775,999	-607,384	-420,169	
Water (gal) 3,160,005	2,844,005	2,123,333	2,868,000	
Total: \$1,336,229	\$920,671	\$965,964	\$974,817	

Less electricity than expected was produced in years 1 and 2 due to reduced need for steam. This resulted in less fossil fuels being consumed, therefore the net cash result was met. Year 2 commodity prices resulted in a more favorable use of natural gas rather than fuel oil. The dual fuel capability allows the facility manager flexibility to burn the most economical fuel.

1) Project ID – 5. **Odessa Memorial Hospital**, local critical access hospital, Odessa, WA (Jeff Coles & Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms
Start: 2005 Complete: 2006	1 building, 27,650	<i>Contract:</i> \$1,511,353 <i>Capital Invest:</i> \$1,511,353 <i>On Budget:</i> Yes	Bonds and grants	Guaranteed savings, 2 year guarantee contract term
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.	14) Comments	15) References
Jeff Coles Bruce Poulin Greg Koontz Brian Hanson	On-time	New high-efficiency heating and chilled water systems New air handling units Direct digital control energy management system	Extensive work in a continual operation medical care facility	Mark Barglof Administrator-OMH 509-982-2611 502 E. Amende Dr Odessa, WA 99159

10) <i>Projected annual savings (including stipulated energy savings of \$3,104)</i>	11) <i>Tracked guaranteed savings</i>	12) <i>Actual Tracked Annual Savings (stipulated savings were deemed not cost effective to track per customer approval)</i>		
		Year #1	Year #2 – end of guarantee	Year #3
kWh: 56,354		Stipulated	Stipulated	
Electricity \$: 3,104		Stipulated	Stipulated	
Nat. Gas (therms): 41,669				
Nat. Gas \$: 35,782	\$35,070	\$35,080	\$39,065	
Total: \$38,887	\$35,070	\$35,080	\$39,065	

1) Project ID – 6. Highline Medical Center, private hospital, Burien, WA (Jeff Coles & Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms
Start: 2008 Complete: currently in construction	Central Plant for Hospital Campus	<i>Contract:</i> \$4,389,530 (ph1) <i>Capital Invest:</i> \$4,389,530 <i>On Budget:</i> Yes	Internal and HUD funds	Guaranteed performance with various aspects guaranteed within the first 2 years
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.	14) Comments	15) References
Jeff Coles Bobbi Davies Bob Giese Kip DeWees Kishan Mistry Meghann Ison Mark Foster	On-time	Transformer vault upgrades Energy plant addition Normal and emergency power distribution system upgrades Steam, domestic, and chilled water system upgrades	Extensive renovation of hospital central plant and central utility systems	Dave Rinker Chief Engineer - HMC 206-439-5475 16251 Sylvester Rd SW Burien, WA 98166

10) Projected annual savings	11) Tracked guaranteed savings	12) Actual Annual Savings		
		Year #1	Year #2	Year #3
n/a	n/a	n/a	n/a	

This project was extremely unique and a new experience for Schneider Electric. This supply-side performance contract was focused on providing a project that was designed around and performed to certain performance metrics (enough capacity, no maintenance issues with design, etc). As a result, energy savings was not a primary motivator (and would be extremely difficult to track given the large building areas served by the plant with ever-changing loads that Schneider Electric was not responsible for), making this an abnormal ESPC. However, this project utilized most of our Seattle technical teams and two of the key personnel for Oregon projects, Jeff Coles and Fred McCandless, were heavily involved, which is why it is included.

1) Project ID – 7. City of Covington Aquatic Center, municipal aquatic center, Covington, WA (Jeff Coles & Fred McCandless)

2) Project Dates	3) Proj. Size	4) Project \$ Amount	5) Source of Funds	6) Contract Terms
Start: 2008 Complete: 2008	1 aquatic center, 15,519 sq ft	<i>Contract:</i> \$678,987 <i>Capital Invest:</i> \$0 <i>On Budget:</i> Yes	Guaranteed savings financing, state grant money, utility incentives	Guaranteed savings, 15 year contract term
7) Tech. Design Person.	8) Proj. Sch.	9) List of Improve.	14) Comments	15) References
Jeff Coles Bobbi Davies	On-time	HVAC Replacement Lighting upgrades DDC control system	In addition to energy savings, this project increased the quality of the indoor environment by reducing humidity and increasing circulation and outside air volumes to reduce chemical odors.	Pat Patterson Recreation and Aquatics Manager 425-413-7665 ex 303 18230 SE 249 <sup>th</sup> St Covington, WA 98042

10) Projected annual savings	11) Tracked guaranteed savings	12) Actual Annual Savings not yet measured, project has just concluded the construction phase and has entered the M&V phase, but has not yet provided Schneider Electric with utility data to track savings		
		Year #1 & Installation	Year #2	Year #3
kWh: -20,290				
KW: 17				
Nat. Gas (MCF): 2,100				
Total: \$21,540	\$18,275			

## > PERFORMANCE CONTRACTING APPROACH

### Project Summary

TAC's approach to a project can be summarized in several questions:

- What are the *real needs* of this owner's buildings?
- How does the *current financial situation* allow these needs to be addressed?
- What is the *best way* to deliver and measure enduring performance?
- What areas are *most important to the owner*?
- Will the proposed solution *truly be a benefit* to the client?
- What needs to be done to ensure this project is implemented with *minimal impact* on occupants and staff?

*The overriding focus and goal of every component of a Schneider Electric project is to deliver solutions to our clients that perform for the long term and solve real needs in a cost-effective manner.*

The benefits from this approach are wide-reaching. Offering a full, turn-key solution, Schneider Electric brings the benefits of a robust, comprehensive project designed specifically at controlling operating costs and executed with careful attention to detail in implementation. Since we are responsible for a guaranteed maximum price and aiming for a positive long term partnership, *every customer can be assured utmost attention will be given to a seamless and painless construction project.*

Most Schneider Electric clients have significant needs for careful jobsite coordination while being sensitive to building occupants and passers-by. The enclosed references all had unique implementation needs and criteria which were able to achieve. We have successfully implemented many projects at higher education institutions (including active kitchens, music halls, gyms, performance centers, dorms, and research labs), state agencies (transportation, corrections, mental health), school districts, and municipal governments (pools, libraries, offices, traffic systems, revenue generating utility systems). Our understanding of the concerns and "pinch-points" of our clients, working with them to develop a solution for the best possible improvements to meet their goals, planning and coordinating construction, and ensuring they can be self-sustaining in the operation of the measures and realization of expected savings are some of the reasons Schneider Electric has seen such growth as a premier ESPC provider.

Mobilization schedules, construction staging, site access and noise control are second nature to Schneider Electric and hold high priority as each project is developed (we keep focus on how the developed project can actually be implemented as we design the improvements). On-site project management during installation allows us to deliver utmost quality in installation, while continuing communication with one point person, the program manager, ensures throughout the process minor pinch points and concerns are relayed to the entire team. The following information outlines the teams within Schneider Electric that work together to ensure the project is implemented on schedule and achieves guaranteed savings. Everything that is done is done with our customers' best interest in mind because it is our goal to have the most satisfied customers in our industry.

In the selection stage of an Energy Saving Performance Contract, Schneider Electric's Sales Team is particularly visible and involved, as would be expected. *However, beyond the traditional steps of building a relationship and contending for the selection, this team is critical in facilitating*

*communication between the different internal teams within TAC and the owner throughout the project.* Since Schneider Electric approaches every project with a long term partnership in mind, these *client representatives* are critical in thoroughly understanding the client's organization and needs to ensure that the long-term results of the ESPC are exactly what are required.

The Sales Team also assists in securing financing, grants, incentives, tax credits, and rebates for the project and is involved throughout the project by coordinating the following Schneider Electric groups. Unlike traditional design/bid/build projects, every Schneider Electric team involved in executing a performance contract has a vested interest in long term performance as *TAC is financially accountable to our customers for performance per the project's contract.*

Project Development and Engineering (PD&E) plays a vital role in the success of Schneider Electric's projects. During the development phase of a project PD&E defines the project's design intent (i.e. goals, objectives and requirements), conceptualizes Energy and Water Conservation Measures (EWCs), and provides all of the engineering/design required to move the EWCs from concept to implementation. PD&E's main goal is to develop EWCs that enable the building owner's primary objectives (including efficient, comfortable operations) and perform long-term for the stakeholders.

*The primary services performed by Schneider Electric's PD&E group are Project Management, Development Engineering, Design Engineering, and Estimating & Cost Control*

The Installation Team executes another critical component in the success of Schneider Electric's projects. During the construction phase of a project, Installation delivers the project scope, on time, within budget, and performing as required to meet the project's design intent while coordinating with the owner's staff to ensure smooth implementation. Installation's main goal is to implement EWCs with the least amount of disruption to occupants and staff and perform long term for the owner.

*The primary services performed by Schneider Electric's Installation Team are Construction Management and Administration, Site Supervision, and Commissioning.*

Performance Assurance Support Services (PASS) also contributes crucially to the success of Schneider Electric's projects, and in some ways significantly differentiates us from other ESCOs in the industry. After project development, construction, and commissioning, the project enters the "guarantee phase" and transfers to the PASS group. The PASS team is extremely skilled in HVAC service, engineering, operations, maintenance, and controls, and provides invaluable help for facilities staff. *PASS is proactive, not reactive* in the role of "energy manager" for our customers' facilities. As PASS compares monthly utility bills with computer models and target consumption data, our PASS representatives can anticipate "critical savings months", and work with facilities staff to ensure all steps are taken to achieve savings goals. PASS will, in effect, *continuously fine-tune* the installed project to ensure success and maximize realized energy and cost savings.

Our customers receive quarterly reports from their PASS representative detailing their facility's performance, including energy consumption and savings, potential additional savings, and possible problems. PASS quarterly performance reports keep the customer aware of how their project is paying off month-to-month and over the long term. Reports are posted on TAC's secure online reporting tool "eSavings", and can be accessed at <http://ion.tac.com/eSavings>. Using a custom username and password, the customer can log in and view energy savings reports, download or print them easily in PDF format, and generally keep track of the project performance.

In the case that guaranteed savings did not come to fruition, PASS is responsible for reimbursing the owner the difference between the guaranteed annual savings and actual annual savings. In the event of a shortfall, the PASS department will take a closer look at the campus' operation and determine if any further improvements need to be made (at Schneider Electric's expense) to achieve the guaranteed savings, while continually keeping the buildings' administration, staff, and occupants in mind.

*As the owner's primary point of contact for the term of the guarantee, PASS' primary services entail: Training, Support Services (available 24 hours a day, if needed), Measurement and Verification, and Monitoring and Reporting.*

Following is a sample project schedule. It is Schneider Electric's intent to execute any project as quickly as the owner desires. It is also thoroughly understood the need to take into account the owner's need to maintain work areas, security, and continue use of buildings and property throughout the entire process. In every case, **we will work with the owner to set realistic expectations and deliver on our promises when we say we will.**

Phase/Process	Responsible	Timeframe
<b>Project Development &amp; Engineering</b>		
<i>Authorize Phase 1, Technical Energy Audit (TEA), Part A:</i>	SE / OWNER	7/16/2008-9/23/2008
Execute Energy Engineering Study Agreement	SE / OWNER	9/23/2008
Initial Site Survey and Data Gathering	SE / OWNER	9/23/2008 - 10/24/2008
Initial Discussion of Possible EEMs and Establishment of Owner's Goals and Requirements	SE / OWNER	10/20/2008 - 11/5/2008
Development of TEA Calculations, Documentation, and Report	SE	10/20/2008 - 12/5/2008
Presentation of TEA Part A to Owner for Review (PM and Facility Staff on two separate dates)	OWNER	12/10/2008 – 1/12/2009
<i>Authorize Phase 1, TEA, Part B, Project Development Plan:</i>	OWNER	1/12/2009
Final Engineering and Design	SE	1/12/2008 – 2/17/2009
Final Estimating and Subcontractor Pricing	SE	2/17/2009 - 3/4/2009
Final Proposal Development and Management Approval	SE	3/4/2009 - 3/13/2009
<i>Final Proposal Review and Approval of Phase 2, Design and Construction Contract</i>	OWNER	3/17/2009 -4/3/2009
<b>Installation</b>		
Execute ESPC Agreement	SE / OWNER	4/3/2009
Kickoff & Mobilization	SE	4/13/2009
Substantial Completion (i.e. Beneficial use of equipment and systems by owner)	SE	9/25/2009
Final Completion (i.e. Owner acceptance of equip and systems)	SE	10/30/2009
<b>Performance Assurance Support Services</b>		
Beginning of performance guarantee period (i.e. Commencement of energy savings)	SE	10/30/2009

- Engineering Design

Schneider Electric's design approach is tied heavily into our analysis and audit processes. Perhaps the single most distinguishing factor of our technical design approach is that, unlike some engineers typically encountered in a design/bid/build environment, our teams look at every available option to determine what will deliver the best performance (even if a solution seems incredibly obvious at first, we see it as our responsibility to ensure our customers get the best overall value and not just a quick design of the apparent best solution). In most cases, the stamping design engineers are involved in the analysis of the energy use and facilities from the beginning. This ensures the designs solve the problems that have been identified and the conceptual engineering of the initial studies and audits comes to fruition as a code-compliant, comfort-standard meeting, well performing project. We believe this integrated approach to our audit, analysis, review, design, and continued interaction between the design and construction teams makes us unique.

A prime example of our collaborative approach is our philosophy of continuous commissioning. *Commissioning and construction agents are involved in the design stage* to ensure designs are buildable, will be functional, and can be implemented while meeting the customer's scheduling and continual occupancy requirements. If a design can't be installed to the client's criteria, it won't work. And the commissioning team needs to know how it was designed to work and why in order to truly verify proper function and tuning.

Furthermore, each project we design and implement is unique and custom to the facility and organizational requirements. We do not implement "cookie-cutter" solutions or use our designs to create additional work that is not necessary just to boost our revenue. Our overriding goal in our projects is to deliver a cost-effective project that is specially designed to *the customer's* definition of performance. This can only be done by truly understanding the real needs and issues that need to be overcome and designing a solution that customer agrees is a suitable resolution of these needs.

- Technical Energy Audit / Project Development Plan

Schneider Electric's only requirements for an audit are open communication between the owner and Schneider Electric staff and readily available information to be able to perform the necessary energy calculations and scope development. Schneider Electric's entire goal is to gain a thorough understanding of the operation and challenges of the owner's facilities in order to be able to properly analyze current situations and propose valuable solutions. Extended delays in receiving information or inaccurate statements during the site surveys can quickly lead to unnecessary expenses and the potential for solutions that aren't the best possible solution for the current situation.

The Schneider Electric energy audit approach utilizes a series of project milestones. These milestones are a step-by-step set of Schneider Electric internal processes and deliverables that result in reports that are delivered to the client. The project milestones are listed in the table below along with a narrative description of the milestones and the corresponding project phase are in the table below. Schneider Electric has used this audit process to identify other needs for outside accreditation or to accomplish other client goals relating to a detailed site analysis. Each audit is approached with the mindset of only investing time and effort that will bring value to the customer and doing whatever is necessary to maximize the value of what is done. Especially when guaranteed savings are critical to the success of the project, Schneider Electric invests the time to thoroughly model and simulate energy usage to provide the most accurate savings projections possible.

Project Approach		
Project Milestones	Narrative	Project Phase
Program Meeting and Project Kickoff	Client meeting to define project logistics, goals, objectives and requirements.	Phase 1, Part A: Technical Energy Audit
Site Audit, Field Measurements and Data Logging	Collect necessary data required to create utility baseline, energy baseline model and perform preliminary Engineering/Scope development.	
Utility/Energy Baseline Models, Utility Rate Simulation and Preliminary Engineering/Scope Development	Create weather normalized utility baseline. Develop energy baseline model and calibrate to weather normalized utility baseline. Create utility rate simulation and calibrate to recent utility bills. Perform preliminary engineering and develop preliminary scope.	
Preliminary Savings Calculations and Conceptual Cost Estimate, 30% Report	Develop preliminary savings calculations utilizing energy models and, as required, engineering calculations. Develop conceptual cost estimate based on preliminary scope. Generate 30% Report (initial EWCMS for investigation).	
30% Report Review	Client review of 30% report, including review meeting to discuss client comments. Client scope commitment and approval to proceed to 60%.	
Detailed Engineering/Scope Development and Savings Calculations	Finalize engineering for client-approved scope and perform preliminary design. Refine preliminary savings calculations.	
Detailed Cost Estimate and 60% Report	Prepare detailed cost estimate based on final engineering and preliminary design. Generate 60% Report.	
60% Report Review	Client review of 60% report, including review meeting to discuss client comments. Client scope and funding commitment and approval to proceed to 90%	
Final Design, Final Cost Estimate and Bid Document/Package	Finalize design and prepare bid documents for distribution to subcontractors. Finalize cost estimate based on bid documents.	Phase 1, Part B: Project Development Plan
Subcontractor Bidding and Final Savings Calculations	Qualify subcontractor bids. Finalize savings calculations.	
Financial Analysis and 90% Report	Generate project schedule of values and cash flow scenario(s). Finalize project financing. Generate 90% Report.	
90% Report Review	Client review of 90% report. Review meeting to discuss client comments. Client and Schneider Electric execute contract.	

- Baseline Calculation Methodology

Establishing a baseline involves establishing an initial value used to compare actual future data. This will determine if savings have resulted from completed work. The baseline is at least one consecutive 12 month period selected by Schneider Electric and the owner, and used to compare “before and after” energy consumption to determine the guaranteed savings.

**Establishing an accurate baseline is critical to a successful performance contract. Too many times contracts are built on baselines that were not properly established, leaving leeway for unrealistic savings reports and savings shortfalls with no recourse for the client who is not seeing sufficient savings to cover budgeted expenses.** If a contract is built on a baseline of run times twice reality, 50% savings can be claimed without ever implementing any improvements. Baseline calculations involve a critical mix of staff interviews, building analysis, utility data analysis, and adjustment for weather. These baselines should be carefully analyzed by the client to ensure they are realistic of current operations and have been established correctly.

Following is Schneider Electric’s methodology of establishing a baseline for an energy savings performance contract. Notice that operating hours and other factors are not used to “calculate” an energy baseline, it is established using actual utility data that is adjusted for weather patterns.

Energy consumption data gathered from site utility bills throughout the baseline period is weather normalized prior to establishing the final baseline. This process uses linear regression analysis on each assigned utility meter data to determine the number of energy units consumed per ASHRAE cooling or heating degree-day. This information is then adjusted using daily temperature extremes from the National Weather Service establishing the normal number of heating/cooling degree-days in the last billing cycle. This process prevents an abnormally mild or harsh summer or winter during the baseline from skewing the savings calculations post-project.

Schneider Electric uses Metrix™ Utility Accounting System for baseline calculations. Schneider Electric uses Metrix to run a regression analysis based on twelve months of actual utility data. Tuning a meter involves correlating its time history with time histories of heating and/or cooling degree-days and other independent variables which are time-shifted. Since Metrix stores weather data in the form of daily temperature extremes, the time histories of heating and cooling degree-days are calculated in real time to conform to the time series of the meter to be tuned. The time history of degree-days used for a regression is therefore a function of the:

- 1) balance point for the meter
- 2) temperature threshold for the meter, and
- 3) time series of the meter.

For a simple, “single-column” meter (such as a simple electric meter without demand), Metrix correlates the meter’s time history with one, some, or all heating or cooling degree-days calculated for the meter’s time series, or up to three independent variables that have been time-shifted to conform with the meter’s time series.

Water use baselines are much more difficult to establish because of the irregularity of use and indirect correlation to weather and other measurable factors. As a result, Schneider Electric typically calculates a water-use baseline using the following methodologies. It is thoroughly discussed with the client why this approach is used and the savings from water are established as “stipulated” savings and not always used in financing.

*Baseline water usage will be determined by the following equations:*

Females: Toilets  $WSBT = Occ * WD * OPD * GPFB$

Males: Toilets  $WSBT = Occ * WD * (1/3 * OPD) * GPFB$

Urinals:  $WSBU = Occ * WD * (2/3 * OPD) * GPFB$

Males and Females: Faucets  $WSBF = Occ * WD * OPD * (1/6 * GPMB)$

Total:  $WSB = WSBT + WSBU + WSBWhere,$

$WSBT =$  Water and Sewer Baseline consumption for Toilets (gallons)

$WSBU =$  Water and Sewer Baseline consumption for Urinals (gallons)

$WSBF =$  Water and Sewer Baseline consumption for Faucets (gallons)

$WSB =$  Water and Sewer Baseline consumption (gallons)

$Occ =$  Number of Occupants

$WD =$  Water Days (Average Annual Days of Use)

$OPD =$  Operations Per Day

$GPFB =$  Gallons Per Flush Baseline

$GPMB =$  Gallons Per Minute Baseline

Male occupants are assumed to use toilets for 1/3 of their restroom visits and urinals for 2/3 of their restroom visits. For each restroom visit, all occupants are assumed to operate the faucet for 10 seconds (1/6 minute).

- Adjustment to Baseline Methodology

Baseline adjustments account for factors beyond Schneider Electric's control including weather, days occupied, building area, and equipment type. If a mild winter results in reduced gas usage, Schneider Electric would not assume additional savings occurred and would adjust the savings. The most significant adjustment addresses actual operating days because rarely do holidays and weekends exactly match the baseline year. For instance, a September electric bill may include 28 days one year when the next year it spanned 33 days because of Labor Day. Accurate, consistent accounting minimizes risk to both the owner and Schneider Electric. In addition to weather and operational day adjustments, other situations may require an adjustment to the contract baseline. Situations might include: changes in the amount of space being air conditioned/heated, changes in auxiliary systems (cooling towers, pumps, etc.) and changes in occupancy or schedule.

If the baseline conditions for these factors are not adequately documented, it becomes difficult, if not impossible, to properly adjust them when they change and require changes to payment calculations. For example, if a chiller retrofit takes place in a building with 100,000 sf of conditioned space, and later (during the guarantee phase) the building's conditioned space is reduced to 75,000 sf, post-installation energy use would be lower and calculated savings would be higher, perhaps inappropriately higher, depending on the terms of the contract. However, if records existed showing how much space was originally conditioned; the baseline could be adjusted to properly reflect "true" savings.

Schneider Electric goes to great lengths to clarify the potential scenarios for baseline adjustment to prevent confusion following project implementation. Furthermore, Schneider Electric believes these procedures regarding baseline development and adjustment should be stated up front. These calculations, too lengthy to include in this response with the length limitations, are available upon request will show that Schneider Electric openly discloses how savings are calculated.

- Dollar Savings Calculations

Facility modeling programs like VISUAL DOE II and Carrier HAP are used by Schneider Electric for modeling energy consumption in facilities to determine potential savings from EEMs. Using these tools, the engineer builds a computerized model of the structure by providing numerous site variables, such as wall thickness, insulation, ceiling height, window type and coverage area, HVAC equipment, air-distribution system type, etc. Once the model is built, the model is tuned to duplicate the actual energy usage of your building. By tuning this model to predict the actual levels of historical energy consumption, independent of weather, the engineer can introduce our proposed EEMs and predict the energy consequences of each measure (and especially the interactions between EEMs); thus identifying the potential energy savings.

This also allows for identifying what time of day and under what circumstances units of energy can be saved. The conservation measures unit savings are then applied to the actual applicable utility rate for the time the units are saved. This is critical because, depending upon the rate structure, a kilowatt-hour of electricity saved may be worth different amounts of money depending upon when and where it is saved. Schneider Electric utilizes the actual rate structure for baseline and "post-retrofit" savings calculations. *(In many cases, using aggregated or "blended rates" can overstate savings and can therefore create risk for the client).* Schneider Electric does not use aggregate or blended rates.

After determination of what the energy consumption will be for each meter after each EEM is implemented, the resulting energy consumption can be calculated using utility rates to determine what the post-retrofit bill will be. The difference between the before or "baseline" bill and the after bill is the dollar value of the calculated energy savings for that meter. A similar approach is used for calculating water dollar savings.

One of the benefits of entering a guaranteed energy savings partnership with Schneider Electric is the installation of various pieces of new mechanical, lighting and control system equipment. Replacing old equipment with new or adding new equipment to automate processes previously performed manually improves efficiency in the customer's facility maintenance department. While this efficiency improvement results in additional savings to the customer, this "operational" savings is often not quantifiable or verifiable and is not included in the guaranteed savings. Schneider Electric prefers using only real and verifiable savings to document projects. **Any non-energy savings included in a savings guarantee could add risk to the customer and increase the potential for financial shortfalls in future years.**

In many instances, "operational" savings included in savings projections do not reflect actual budget expense reductions. *If it is appropriate for Schneider Electric to guarantee operational savings, it is done only with explicit client understanding and consent that these savings are real only if they are resulting in savings in the actual operations budget. The only way a client typically sees operational savings is in the rare event an employee is terminated as a direct result of upgraded equipment no longer requiring a specific position to be filled that was previously needed.* We understand this is very rarely a goal for our clients and not something we count on for savings leverage.

- Guaranteed Savings Calculations

Most commonly, Schneider Electric measures savings using actual utility bills (IPVMP Option C). The calculation of energy savings is the baseline usage (methodologies for reaching the baseline outlined in section g above) subtracted from the current usage (taken directly from utility bills). Our extensive procedures, formulas, and methodologies stem from our attitude of promising and verifying real, achievable savings. Since we measure the savings at the meter, Schneider Electric is *truly* responsible for our guaranteed savings. Any savings that are to be included in the guaranteed savings numbers that are stipulated are agreed upon up front with the customer and it is verified the customer understands the reasoning behind the stipulation. Schneider Electric considers IPMVP Options A and B as stipulated because they are “agreed upon savings” based on calculations and projections and not truly measured regularly post-project to verify operations are truly conserving energy. *IPMVP Options A and B measure the efficiency of the equipment, not overall energy conservation.*

Schneider Electric only takes into account operational and maintenance savings if the project results in an actual decrease in the required budget for these categories. Schneider Electric typically guarantees 85% of our projected energy savings, and advise our customers to budget to and analyze cash flows using the guaranteed savings number. This gives Schneider Electric a margin for error and ensures the customer will mostly like have “left over” savings in their budget from the project after making any debt payments related to the project.

Energy and demand units saved will be determined by the following equation:

$$E = E_B - E_G \quad \text{Where;}$$

$E$  = Energy (or demand) Units Saved  
 $E_B$  = Adjusted Base Year Consumption  
 $E_G$  = Guarantee Period Consumption

Energy dollars saved will be determined as follows:  $\$ = (\$B - \$G) + \$S + \$O + \$M$

Where:

$\$$ = Energy Dollars Saved	$\$B$ = Cost of Adjusted Base Year Energy, for All Fuel Types	
$\$G$ = Cost of Guarantee Period Energy, for All Fuel Types	$\$S$ = Stipulated Energy Savings	
$\$O$ = Other Energy Savings	$\$M$ = Maintenance\Other Savings	

Proposed water usage will be calculated using the same equations as baseline water usage except that GPFB and GPMB will be replaced by PGPF (Proposed Gallons Per Flush) and PGMP (Proposed Gallons Per Minute), respectively.

Water and sewer units saved will be determined by the following equation:

$$WS = WSB - WSP \quad \text{Where;}$$

$WS$  = Water and Sewer Units Saved  
 $WSB$  = Water and Sewer Baseline  
 $WSP$  = Water and Sewer Proposed

Male occupants are assumed to use toilets for 1/3 of their restroom visits and urinals for 2/3 of their restroom visits. For each restroom visit, all occupants are assumed to operate the faucet for 10 seconds.

- Training Provisions

Successful performance contracting depends on the partnership between the client and the ESCO after installation. The partnership includes a mutual, active commitment to training and support. Schneider Electric believes teaching and communication are critical components in a beneficial partnership, and we include whatever instruction necessary along with any training manuals in *every performance contract* we implement.

Schneider Electric assesses the training needs based on the existing staff skill level and familiarity with the implemented EEMs. During the detailed energy audit phase of the project, Schneider Electric energy engineers and the project implementation team assess the skill level of the facilities staff. Through extensive interaction with the key staff members during the audit, this assessment, combined with input from facilities management and other management team members involved in the Technical Energy Audit development meetings, provides an entry point for relevant training.

Schneider Electric provides frequent on-site training during the project implementation process for facilities maintenance and management personnel responsible for operating and maintaining the systems. During construction, staff will receive on-site training as each system becomes operational to learn how to use the new system and optimize performance and comfort. The frequency of this training will depend upon construction progress and staff skill level. Operator manuals will be provided to the facilities department for reference. Near project completion, the project manager will schedule on-site training in larger blocks to include system operating parameters. Once basic training is complete, the project manager will notify facilities management and our PASS department to develop a detailed training plan based on the assessed skill level of the staff. Schneider Electric training is focused on creating competent, confident, engaged system operators committed to improving system performance.

Schneider Electric also operates a training center in our Schneider Electric Buildings Americas headquarters. This year, the Schneider Electric Learning Center program includes 15 different programs with 51 total offerings at the corporate education facility. The Learning Center will also support numerous Schneider Electric customers with site-specific programs, CD-ROM and Internet-based training.

- Measurement and Verification Method and Sample

*Schneider Electric prefers using IPMVP Option C “whole-meter” approach* and considers it the best option for comprehensive retrofit projects as it reflects the interaction of all installed Energy Conservation Measures. Schneider Electric prefers this method for guaranteeing savings because the utility bills are paid according to the meter readings. Depending on the operating characteristics of a particular building or system, Schneider Electric may use a different IPMVP option, especially if Option C is extremely not cost effective. The utility bills are entered and analyzed monthly, with quarterly savings reports and annual reconciliation reports along with real-time, any-time online access to savings reports and calculations. *The savings data is also converted to environmental impact statements on a real-time basis.* Owner's staff responsibilities include routine, manufacturer recommended maintenance of the installed equipment, sending copies of the monthly utility bills to the PASS department, and communicating any significant facility/use changes or issues related to the project as they arise. Schneider Electric does not directly provide or require maintenance/service contracts as part of our project, but can assist in the selection of a vendor if the owner desires such services.

- Cost Savings Guarantee Calculations

Schneider Electric accounts for two types of savings during a performance contract: energy units and dollar savings. The energy savings realized during a given month are calculated by subtracting the current month's amount of energy consumption from the corresponding baseline month's energy consumption. The dollar savings are calculated by first applying the current utility rate to the current month's energy. The same rate is then applied to the base month's energy. Finally, savings figures are obtained by subtracting current dollars from base dollars. It is extremely important to note that calculations are based on *real rates* charged by the utility. Calculations are performed separately for natural gas and electricity, and are summed for total energy cost savings during that month. These monthly calculations are accumulated into quarterly savings report and the annual reconciliation report. In the event of additional savings beyond the guarantee, these reports are available to the customer to quantify the benefits from this project.

Schneider Electric typically guarantees ~85% of the projected amount of savings, which also gives room for minor changes with no action needed on Schneider Electric's part, while further reducing owner risk. This guaranteed savings number is stated plainly in the contract and actual savings are calculated as stated above. In the event of a shortfall, identified at the annual reconciliation report provided by Schneider Electric's PASS department (calculated as mentioned earlier), then *Schneider Electric will write the building owner a shortfall check for the difference between the guaranteed dollar savings and the achieved dollar savings.*

- ESCO Fee Calculation

Schneider Electric approaches project pricing with transparency. We will work with the Owner to provide project pricing and fees in any format desired. In our experience, the desired format changes from client to client. To illustrate the categories for project costs, please see below.

Schneider Electric's cost structure (and GMP) consists of 4 components:

1. **Direct project costs** - These are cost directly related to a given project. These costs may consist of:

SE Material	Quality Control	Travel Expenses	Baseline Development
Outside Vendor Material	Field Office Rental	Auto Expense	Telephone
Subcontractor	Copy/Printing Costs	Food Expense	Warranty
Construction Mgmt.	Sales Tax	Freight	Contingency
Software Engineering	Design Engineering	Insurance	Project Dev./ Energy Analy.
Hardware Engineering	Outside Consulting Eng.	Bonds	Subcontractor Procure.
Field Validation	Account Management	Permits	Invoicing/Collections
Commissioning	Training	M&V	

2. **Indirect project costs** - These costs are support related costs that are associated with a given project. These costs may consist of:

Legal Costs	Employee Training
Office Supplies	Parts/Material Procurement
IT Costs	Data Storage/Backup
Administrative Support	Employee Benefits

3. **Company Overhead** - These are cost of doing business not directly related to a specific project. Overhead is applied to all direct and indirect costs. Overhead is expressed as a percentage of the project sell price. The Schneider Electric Overhead to be applied for ESPC projects is 13%.
4. **Profit** – Profit percentage is applied to all direct and indirect costs plus overhead. This is expressed as a percentage of project sell price. Schneider Electric profit for ESPC project is 10%.

All direct and indirect costs are totalized. Overhead is then added to that value to get total cost. Once we have total cost calculated profit is added to this amount. *(Note that this is a percentage of the project costs and not a percentage of the sale price. Our overhead and profit typically amount to around 18% of the sale price of the project, but vary slightly from situation to situation.)*

*To verify that these are the actual profits our company attempts to achieve, we invite you to review our annual reports and compare our 10% profit goal to our actual annual corporate before tax profit reported in our annual report.*

Additional Annual Costs: If the performance contracting agreement calls for measurement and verification of savings and a savings guarantee using an option of the IPMVP that would require ongoing tracking of performance, an annual Performance Assurance Support Services (PASS) Agreement would be required. This is annually renewable contract that can be subject to the same open book pricing as described above. In order for Schneider Electric to guarantee savings there must be a PASS contract for monitoring and verification in place.

Note: *As a partner of the Clinton Climate Initiative, Schneider Electric has access to substantial pricing discounts on efficient equipment. We can also assist higher education institutions in meeting the requirements of the American College and University Presidents' Climate Commitment which will unlock further advantages for that owner.*

- Open Book Pricing

Schneider Electric approaches project pricing with fairness and transparency. If so desired by the client, we are willing to provide open book pricing, and do so regularly to clients nationwide. Schneider Electric is willing to work with the owner to provide breakout pricing in any format required and is prepared to share all subcontractor and direct cost information desired by the customer.

- Billing and Invoices

At the beginning of the project, Schneider Electric will work with the owner to develop a schedule of values. Based on the schedule of values, Schneider Electric will complete the work on the basis of percent of completion. On the date determined by the owner each month Schneider Electric's project manager will submit an invoice based on the percent of completion and request payment. Depending on funding structure, the owner will either disburse directly from their escrow/designated fund account or will submit an invoice to an approved escrow agent and the agent will disburse to Schneider Electric. The typical collection period is 30 days. Sample invoice: see Attachment H.

- ECM Vendors

Schneider Electric's selection of ECM vendors is based on the best fit for the application. Although Schneider Electric is a large family of world-class brands providing building systems products, and we naturally are often able to provide the best support and pricing on those products available within, our primary goal is to provide our customers with the best value possible. If the customer prefers a vendor

other than a Schneider Electric brand (which include TAC, Square D, APC, Invensys, Andover Controls, and Juno Lighting), we have no hesitation about utilizing other vendors. For example, in our history of more than 360 performance contracting projects, less than half have utilized Schneider Electric building automation systems.

- Provision of Insurance and Payment/Performance Bonds

Schneider Electric's insurance coverages include: General Liability - \$5,000,000, Automobile Liability - \$2,000,000, Excess Liability - \$5,000,000, Workers Compensation/Employers Liability - \$2,000,000, Contractors Liability - \$2,000,000. For a complete Memorandum of Insurance, please visit: <http://www.marsh.com/MarshPortal/PortalMain?PID=AppMoiPublic&C=com.marsh.moi.gbl.comp.MoiPublic> Schneider Electric has the availability to fulfill all potential bonding requirements. See Attachment D.

- Provision of Warranties

There are different warranties associated with different types of equipment. Schneider Electric generally passes on the manufacturers' warranties to the customer. Typically, for lighting there is a five-year warranty on lamps and ballasts and for mechanical equipment there is a one-year warranty on heating and air conditioning equipment with a five-year extension on compressors. Energy management systems typically have a one year warranty. Warranty duration depends on the system and manufacturer.

- Sustainability Full-Time Personnel

Schneider Electric regularly analyzes life cycle cost when selecting equipment and materials for our projects. This principle is critical to the core of performance contracting (analyzing life cycle cost when making decisions) and is crucial to a successful, sustainable project. Schneider Electric's team is well-versed in sustainable building techniques and is ready and able to meet all of an owner's sustainability goals. Schneider Electric does not maintain an internal salvage/recycling department, but is capable and willing to dispose of, as much as possible, waste and construction debris in a sustainable manner. In the event the owner or an affiliated organization has other uses for equipment being removed, Schneider Electric will assist in the relocation and reinstallation of this removed equipment.

Whenever possible, and if the owner agrees it is worth the incremental costs (if there are any), Schneider Electric suggests utilizing materials with high recycled content or made of materials with minimal environmental impact. For example, we have furnished our office in Seattle with sustainable furniture and installed state of the art lighting control systems to harvest daylight and minimize energy use and are doing likewise at offices around the country.

As part of our commitment to reduce greenhouse gas emissions by reducing energy consumption, we provide real-time tracking of results. Annual utility savings are converted into units of carbon dioxide removed. All of our engineering team is well versed in alternative technologies available to meet a variety of sustainability principles. The choices made in terms of materials and methods ultimately take place discussions with the owner and determining their goals for this project. Schneider Electric has a qualified team and process for achieving LEED EB and Energy Star certification as part of a performance contract and has experience with the SEED process, properly documenting and coordinating a performance contract through the necessary SEED submittals and reviews. (To our knowledge, we are one of the first ESCOs to go through the SEED process on a performance contract and have established internal protocols to streamline the process as a project goes through development and design.)