

Windsor Efficiency PAYS[®]

Program Design

Prepared for

**Sonoma County
Regional Climate Protection Authority**

Second Draft
January 2, 2012

This second draft incorporates input from meetings held by the Sonoma County Regional Climate Protection Authority in Santa Rosa during the week of December 12, 2011. This second draft should be circulated to all key parties for review and comment. A third draft will incorporate additional input, including the reserved Training Section and a suggested Surcharge.

NOTE: Measure costs and savings will be determined by the Request for Proposal (RFP) process. It is also likely that new Town of Windsor water rates will be proposed for 2012. The costs and savings in this draft will be updated when bids are accepted and rates are known.

By

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Windsor Efficiency PAYS[®]

A. Summary

The Sonoma County Regional Climate Protection Authority (RCPA) is working with a Sonoma County municipality, the Town of Windsor, to design and implement a surcharge on-water-bill pilot program. The goal of the program is for 2,000 participants — nearly 25 percent of this utility’s residential customers — to purchase an array of resource efficiency measures that meet customers’ needs (e.g., showering, clothes washing, attractive landscaping) while using less water and/or energy.¹ Both homeowners and renters will be eligible to participate. Reaching this percentage of utility customers in one year with a program that charges participants for resource-saving measures would be unprecedented in California.

The Windsor Efficiency PAYS[®] pilot program is based on the Energy Efficiency Institute, Inc.’s Pay As You Save[®] (PAYS[®]) system. PAYS[®] is a market-based system in which customers, vendors, and capital providers, acting in their own interests, produce unprecedented resource efficiency investment that is also in society’s interest. The key to the success of the PAYS[®] system is an “offer that works” — an offer that allows customers to purchase cost-effective measures with:

- No up-front payment, no new debt obligation, no credit checks, and no liens;
- A guarantee that their monthly surcharge is lower than their estimated savings;
- The assurance they will pay only while they remain customers at the location where the measures were installed;
- None of the typical risks associated with contracting for or installing measures; and
- A promise that failed measures will be repaired or the payment obligation will end.

The PAYS[®] offer has already stimulated capital providers, contractors, potential certification agents, and a utility to participate in this pilot. The pilot will test their ability to deliver an offer that works to customers and customer acceptance of this offer.

Certified Contractors will market and sell eligible measures provided by Certified Manufacturers/Distributors (Suppliers) with the oversight of an independent Certification Agent (i.e., the water utility’s agent that oversees all program activity). For most measures, customers will not pay Contractors or Suppliers directly; the Certification Agent will pay Contractors and Suppliers for the measures and their installation using funds from the Capital Provider. Customers at the location where eligible measures are installed will pay a surcharge on their water bills over time

¹ Customers will, for the most part, refer to Town of Windsor residential customers. Participants will refer to Town of Windsor customers who follow program rules and purchase and install eligible measures.

after the Certification Agent verifies that the customer's payments can be structured so that annual surcharges are significantly less than estimated savings. EEI recommends that for every \$7.50 in PAYS[®] surcharges, customers receive an estimated \$10.00 in utility bill savings.

The program will offer customers Basic (i.e., required) and Basic Plus measures, both of which require no upfront customer payment. The program will offer interested customers the opportunity to purchase Co-pay measures (i.e., an upfront co-payment is required for the measures to be eligible for billing as a water-bill surcharge²). For this pilot, the only measures that require rebates are dry-summer, drought-tolerant landscaping to replace turf and replacement of a single toilet or combination of toilet and clothes washer (i.e., without installing showerheads or aerators).

This Program Design anticipates a March 1, 2012, start date. If an earlier or later start date is required, the schedule of tasks in this Program Design will need to be adjusted accordingly.

B. Target Market

The Town of Windsor plans to serve 2,000 customers as part of this one-year pilot. Eligible customers will include all residential customers who have historical year-round usage.³ After a program information campaign (see Section D) is well underway, all customers will be sent a mailer giving them the opportunity to opt out of the program by visiting the program Website, or by calling a specified phone number. All customers who do not opt out may be contacted by Certified Contractors (see Section G). The program will target customers in this group who are in the top third of water users — with high summer usage or high year-round usage — to maximize pilot savings.

The Windsor Efficiency PAYS[®] pilot target market includes homeowners, renters, and multi-family property owners. The pilot's goal is to have 10 percent of all program participants (i.e., 200 dwelling units) be customers living in multi-family housing. Certified contractors will be required to meet multi-family goals within the first six months of pilot implementation. Preference will be given to projects with water utility customers who have the greatest resource-saving opportunities. Utility staff, advocacy groups working on behalf of tenants, or others knowledgeable about which multi-family units should be targeted will identify multi-family properties and contact the owners to solicit interest in having their tenants pay to upgrade these properties or for the owners to use the program to obtain their own savings without incurring any new debt. Contractors or advocacy groups will also be invited to contact multi-family property owners or managers. While there is a minimum target for multi-family housing customers, there is no maximum.

² Matching clothes dryers are categorized as a Co-pay measure even though the customer pays 100 percent of their cost upfront. Some customers may want to purchase matching dryers and are not likely to be able to match the price and consumer assurances this program is able to leverage.

³ Initially, the pilot will exclude customers with no usage in one or more months each year.

C. Program Measures, Cost Effectiveness, Measure Selection, and Fees

The Windsor Efficiency PAYS® program will offer three categories of measures: Basic, Basic Plus, and Co-pay. Eligible measures will save water, gas, electricity, or a combination of these resources. The chart below provides a summary of eligible measures that will be available at pilot start-up.

Table 1: Windsor Efficiency PAYS® Program Measures Chart

Measure	Basic (required if eligible)	Basic Plus	Co-pay (upfront cost)	Windsor Rebates	Measure Portability		
					Permanent	Portable	Owner's Choice
Showersheads	√				√		
Aerators	√				√		
Toilets	√			?	√		
Compact fluorescent lights (CFLs)		√				√	
Clothes Washers		√		?			√
Standard Landscaping		√		√	√		
Enhanced Landscaping			√	√	√		
On-Demand Hot Water Recirculation Pumps			√		√		
Full-Featured Clothes Washers			√				√
Clothes Dryers			√			√	
High Efficiency Refrigerators			√				√

The three categories of pilot measures are defined as follows:

- Basic measures:** High efficiency showerheads, water aerators, and toilets are Basic measures, which, if eligible in a customer's home, must be installed if the customer wants to install any other program measures. All Basic measures require no upfront co-payment and are permanent measures, which must be left in the home when the occupant moves out if surcharges for those measures are still in effect. Depending on bid costs for labor and materials and on Windsor's new water rates, toilets may require small rebates⁴ (i.e., less than currently offered by Windsor) unless the replaced toilet uses more than 3.3 gallons of water per flush (gpf) or is accompanied by showerheads and/or aerators.

⁴ Rebates are recommended for resource-efficient technologies that are cost effective from Windsor's perspective but do not offer sufficient savings based on current rates to be sufficiently cost effective for customers to assure them of immediate positive cash flow. By using the PAYS® system, current rebates for most measures can be significantly reduced or eliminated even as customer take-up rates increase. The Certification Agent must verify that each rebate is appropriate, meets program usage criteria, and is required because of the package of measures installed.

Contractors must use a portable digital flow measuring device such as the T5 Flushmeter or other Certification Agent approved protocol to determine an existing toilet's gpf.

- **Basic Plus measures:** Compact fluorescent lights (CFLs) clothes washers, and Standard dry-summer, drought-tolerant landscaping (Landscaping) packages are Basic Plus measures. *Dry-summer, drought-tolerant landscaping* refers to landscaping that once established can be maintained without supplemental irrigation and includes many California native or other Mediterranean climate adapted plant species. All Basic Plus measures require no upfront customer co-payment. Depending on bid costs for labor and materials and on Windsor's new water rates, clothes washers may require small rebates unless they are accompanied by showerheads and aerators. Standard landscaping will require large rebates. CFLs will be installed as portable measures so customers must pay off any balance owed on the measure when they relocate and may take the CFLs with them.
- **Co-pay measures:** Enhanced Landscaping, higher quality clothes washers with additional features, matching clothes dryers, high efficiency refrigerators, and on-demand hot water recirculation pumps are Co-pay measures. Co-pay measures are resource-saving measures that, based on current rates, are not sufficiently cost effective to qualify for the Windsor Efficiency PAYS[®] surcharge (see "Cost Effectiveness" section below) so they require an upfront out-of-pocket customer co-payment to enable the remainder of the measure cost to qualify for the surcharge. Customers who value benefits provided by these products that are unrelated to savings or who expect rates to increase may want to install them. Using bids to select Contractors and Suppliers of Windsor Efficiency PAYS[®] measures should ensure that purchasing Co-pay measures provides good value for customers because of program measurers' high quality, consumer assurances, and low price. Enhanced landscaping is the only Co-pay measure requiring a rebate (i.e., the same rebate as the Standard Landscaping package). Enhanced Landscaping and on-demand hot water recirculation pumps will be permanent measures. Contractors will collect co-payments from customers. Neither Windsor nor the Certification Agent will be responsible for collecting co-payments, and co-payments will not be refunded if customers leave the location or the measures fail.

As noted in Table 1 above, the portability of measures varies by measure. Permanent measures are assumed to be affixed to the real property where they are installed, they stay with the property when the current customer relocates, and any remaining Windsor Efficiency PAYS[®] surcharges are billed to the next occupant at that location. Portable measures have the same guarantees as permanent measures, but participants who move out of Windsor's service territory before the end of the payment period must pay off any balance owed at the time that they leave. Owner's Choice measures, as noted in the Table 1 above, are measures that will be treated as permanent measures unless the participant wants to remove them from the premises when they relocate. Some customers become attached to favorite appliances or may want to take these resource efficiency products with them to their new homes. If they want to remove the Owner's

Choice measure(s), they must seek approval from Windsor before they leave the premises, pay off all remaining surcharges, and repay any Windsor rebate used to qualify the measure for this pilot program.⁵

Cost Effectiveness

For measures to be eligible for the Windsor Efficiency PAYS[®] surcharge they must screen cost effective under the 75 percent rule: annual billed surcharges cannot exceed 75 percent of the customer's estimated annual savings, and the maximum term used to calculate the bi-monthly surcharge amount cannot exceed 75 percent of the useful life of the measure. The measure cost effectiveness tool (Attachment B) to be used in this program is explained in more detail below.

There are two reasons that only 75 percent of the estimated annual savings can be used to offset costs in the cost effectiveness calculations. First, one incentive for customers to participate is immediate net savings. The programs based on the PAYS[®] system (see Attachment C) have successfully proven that reserving 25 percent of estimated savings to go directly to customers offers a sufficient incentive for customers to participate. And second, residential measure cost effectiveness is an uncertain science. It is harder to predict resource savings for residential customers than for any other customer group because of myriad changes in household behavior. Offering 25 percent of estimated savings as a customer incentive also provides a sufficient safety margin to ensure that virtually all participants will have immediate net savings.

Once this pilot has proven the effectiveness of the PAYS[®] offer with widespread customer participation and customer satisfaction verified by evaluation, an 80 percent rule can be considered, especially for commercial and institutional customers for whom savings predictions are more reliable. With the 80 percent rule, annual billed surcharges cannot exceed 80 percent of the customer's estimated annual savings and the maximum term used to calculate the monthly payment amount cannot exceed 80 percent of the useful life of the measure. The How\$mart program in Kansas and Hawaii's SolarSaver program successfully qualified measures based on 80 percent of their savings over more than 75 percent of their useful life. Attachment B includes measure cost effectiveness tools for both cost effectiveness rules.

Once the measure cost, measure useful life, savings estimate, and capital interest rate are known, qualifying a measure involves a simple annual percentage rate (APR) calculation, the same methodology used to calculate mortgage or financing payments. The three variables used to compute payments in an APR calculation are cost, interest rate, and term. For this pilot, the term is always 75 percent (or less) of the useful life of the measure. The interest rate is set at the program's actual cost of capital. The cost is the proposed cost of an installed measure (less any rebates or upfront co-payments) plus program fees. The resulting APR bi-monthly payment is then multiplied by 6 to determine the annual payment amount. As long as the annual payments

⁵ Rebates were calculated assuming a specific measure life at the premises that will not be realized if the measure is removed before all surcharges have been paid.

are less than 75 percent of the estimated annual savings, the project (i.e., selected set of measures) can qualify for the Windsor Efficiency PAYS[®] surcharge. The measure cost effectiveness tools in Attachment B automate this process.

Savings estimates for this residential pilot will be based on the customer's reported usage. While this is not the most accurate method of assessing usage, it is quick and will ensure customers have ownership of their savings. Conservative usage assumptions (all usage thresholds for qualifying measures are at or below national usage estimates) and the extra safety margin of using the 75 percent rule assure that the customer will receive net savings. Additionally, customers will be required to acknowledge they have read the following statement:

“Your estimated savings were based on your reported hours/times of use; if your actual use of replaced equipment was less than you estimated and reported, your actual savings will be less.”

This helps to prevent customers from overestimating their usage. Additionally, the Certification Agent and/or Certified Contractors will be able to access customers' water use data by faxing or emailing a customer release form (Attachment D) to Windsor's Water Conservation Program Coordinator to check suspect customer claims.

Replaced measures (except aerators) will be removed from the premises to ensure savings. Appliances will be removed and decommissioned (i.e., recycled for materials). Contractors will be required to store replaced measures for one week before disposal. This will ensure that replaced measures are not returned to use unless their return is necessary to avoid customer dissatisfaction with the new measures installed.

Eligible Measures and Measure Selection

The criteria required for each program measure is described below. Additional measures (e.g., Solar Water Heating systems (SWH) may be added if they can be packaged as Basic, Basic Plus, or Co-pay measures while preserving an offer that works for the customer.

Basic measures:

- **High Efficiency Showerheads** — Customers will be offered one or more replacement showerheads if reported usage is 8 or more minutes per showerhead per day. Customers may choose between either wall-mounted or handheld showerheads that use from less than 1.375 to 1.5 gallons per minute (gpm). Contractors will recommend customers choose the most efficient unit at 1.375 gpm or less and allow customers to opt for a 1.5 gpm unit if they require a higher flow rate but still want savings. Each showerhead is estimated to cost less than \$8.00. If no toilet or clothes washer is installed, there will be a \$25 labor charge for showerhead and aerator installations and a \$25 program fee.

Contractor certification training will suggest that Contractors demonstrate showerhead performance for the customer.

- **High Efficiency Aerators** — Contractors will install 1.0 gpm bathroom aerators and 1.5 gpm kitchen aerators unless customers refuse them or installation is not possible. Each aerator is estimated to cost less than \$1.75.
- **High Efficiency Toilets** — A toilet with a maximum usage of less than one gallon per flush (gpf) as certified by IAPMO⁶ or equivalent and that is MaP⁷ rated for 600 grams or more of solid waste will be offered if the current toilet(s) uses 1.6 gpf or more and customers report an average of five or more flushes per toilet per day. Toilet replacements are estimated to cost \$285 (including labor) for the first toilet and \$265 for the second (not including the \$50 per-toilet program fee). In addition, EEI's current analysis shows that toilet replacement requires that a showerhead also be replaced or that aerators be installed in a kitchen and all of the faucets in two or more bathrooms⁸ to qualify for the surcharge. Replacement of toilets that use 3.3 gpf or more⁹ do not require installation of showerheads or aerators.

Basic Plus measures:

- **Compact Fluorescent Lights (CFLs)** — CFLs will be offered as portable measures (i.e., the payment obligation will belong to the customer who makes the purchase and will not transfer to successor customers at that location). If the participant leaves the premises, any balance must be paid off.

CFLs will be offered if the customer reports that an existing light bulb is used three or more hours each day (on average) and at least 20 watts can be saved with a CFL replacement. Customers will be guaranteed free replacement if CFLs stop working, but are not broken, at any time during 5-year payment period. The CFL supplier will ship replacement CFLs to participants upon participant report of bulb failure to the Supplier (i.e., or the Certification Agent if the participant does not remember who to contact). If the number of reports of CFL failure is much higher than anticipated, the CFL Supplier may require customers to drop off failed CFLs at the Town of Windsor offices to verify they no longer work and that the customer did not damage the CFL. Up to 25 percent of CFLs installed by Contractors may be dimmable. CFLs are likely to cost approximately \$3.00 each assuming 25 percent or fewer are dimmable. (NOTE: While there are

⁶ The International Association of Plumbing and Mechanical Officials. (www.iapmo.org)

⁷ The Maximum Performance (MaP) testing project was developed in 2003 in order to identify how well popular toilet models perform using a realistic test media. (www.map-testing.com)

⁸ If aerators alone are required to qualify toilets for replacement, a \$10 Windsor rebate will also be required.

⁹ These toilets are likely to be older 3.5 gpf models or toilets with damaged flappers. In either case, the toilet must be tested using the T5 Flushmeter or other Certification Agent—approved protocol as noted in Section C above before being eligible for replacement.

ENERGY STAR CFLs available for less, the higher cost reflects the additional service to install the CFLs in customers' homes with no upfront cost and with free shipment of replacements if the CFLs fail at any time during the 5-year payment period.)

- **Clothes Washers** — A high efficiency clothes washer will be offered if customers report washing more than five loads per week and own a non-ENERGY STAR, top loading washer. This is an Owner's Choice measure so the customer can decide whether or not it will be portable. Clothes washers are estimated to cost approximately \$690.00 each, including the cost of installation and removal and recycling the replaced appliance. Contractors can replace a clothes washer if the customer agrees to assign PG&E's \$50 clothes washer rebate to Windsor. Contractors and the Certification Agent must verify assignment of the rebate (e.g., Contractors can make a copy of the form and certify that they mailed in the form with the assignment). Windsor will advance the \$50 (which is less than its current \$125 rebate) to the Certification Agent when payment is to be made. If no toilets are installed but Contractor installs aerators in two locations (i.e., on a kitchen faucet and/or all of the faucets in one or more bathrooms) or installs a showerhead, the Contractor will let the customer keep the PG&E rebate with installation of the clothes washer and Windsor will not be requested to advance the \$50 rebate to qualify this measure.
- **Standard Landscaping** — Dry-summer, drought-tolerant landscaping replacing turf is the single most appropriate technology to permanently reduce Windsor's summer peak water usage. EEI's analysis indicates that while reducing summer peak use offers significant financial benefits to the Town of Windsor, current rates and rebates do not make replacing turf with Landscaping cost effective for customers. At this time, Windsor has asked its rate specialist to evaluate the feasibility of instituting higher rates for customers with higher than median summer irrigation usage and higher rebates sufficient to qualify installation of Landscaping for the Windsor Efficiency PAYS® surcharge based on these new rates.

Assuming Windsor offers the rebates and/or implements the rates needed for this measure to qualify as a Basic Plus measure, customers with 500 square feet or more of existing turf (the actual limit will be determined by contractors' bids) will be offered the opportunity to replace their turf with Standard Landscaping with drip irrigation. Irrigation should only be needed for the first one to two years after planting to enable the dry-summer, drought-tolerant plants to take root. If packaging Landscaping as an offer that works is sufficient to get a large number of customers to replace turf, this pilot will demonstrate the potential to produce significant summer peak-day demand reduction while saving participants money and may reduce some of the need for future supply and its associated costs for all customers.

The Standard Landscaping package will cost \$2.65 per square foot and participants will be able to enhance the Standard package with an upfront co-payment as described below.

However, the amount of landscaping that can be installed during the first year of this pilot program will be limited by the funding available from Windsor for rebates. When rebate funds have been used up, Contractors will be instructed to stop selling this measure. When 2012 water rates are determined, EEI will work with Windsor to determine the maximum number of square feet of turf that can be treated and the rebate level required to qualify dry-summer, drought-tolerant landscaping as a program measure.

Co-pay measures:

- **Enhanced Landscaping** — Customers who want to install Standard Landscaping but who want a more customized landscaping plan will be allowed to select additional or different plants and pay for the increased cost over the Standard package with an up-front co-payment to cover the cost for these enhancements.
- **Residential On-demand Hot Water Recirculation Pumps** — Many customers waste water and energy as they run the tap while waiting for hot water at sinks, tubs, and showers. The wait time for hot water will be longer once low-flow aerators and showerheads are installed. A residential on-demand hot water recirculation pump (e.g., <http://www.chilipepperapp.com/>) is a comfort measure that has associated water and water-heating savings. However, the fact that this technology requires a new process for occupants to get hot water means it may be desired by only some customers. Additionally, the savings estimates are difficult to predict. Therefore, residential on-demand hot water recirculation pumps will be offered as a co-payment measure using conservative savings estimates to ensure no customer complains. The amount of the cost that will be eligible for the surcharge is \$50, which assumes that on average the customer waits one minute, twice a day for hot water and that the measure will have a 5-year payment term (i.e., the warranty period for this unit). The amount customers must pay as an upfront co-payment will be determined during the RFP process described later in this section and in Section G. At this time, we estimate the total installed cost at less than \$150 including taxes. By taking advantage of the surcharge, customers will pay only \$100 upfront for each installed on-demand hot water recirculation pump, approximately 50 percent of the uninstalled retail cost for these units.
- **Fully Featured Clothes Washers** — While most customers will likely be happy to obtain a new resource-efficient clothes washer with no upfront payment that pays for itself through its water and energy savings, some customers will want to have the most efficient model that has additional features (e.g., with steam cleaning). Customers who qualify for a replacement clothes washer will be able to upgrade to a more fully featured, higher efficiency model. Since there are additional water and energy savings, the surcharge for these models can be higher. However, the surcharge will not cover the full incremental cost. Customers willing to pay the incremental cost not covered by the surcharge as an upfront co-payment to the Appliance Vendor have the option of installing a more efficient model in their home as an Owner's Choice measure. Appliance Vendor

bids for a specific model will determine the amount of the cost that can be covered by the surcharge and the co-payment amount.

Additionally, many customers buy matching clothes dryers at the time they install new washers. While not a resource efficiency measure, customers will be able to buy a matching drier at their expense at a highly discounted price (included in the Appliance Vendor's bid) with many of the same consumer protections regarding contractor performance.

- **High Efficiency Refrigerators** —Appliance Vendors will determine the model number or the age of a customer's refrigerator and estimate the current kWh usage using the ENERGY STAR calculator.¹⁰ Customers will be allowed to purchase a high efficiency unit comparable to a Maytag MBF1958XEM as an Owner's Choice Co-pay measure. At this time, EEI estimates the installed cost for such a refrigerator to be approximately \$1,295 including delivery, removal, and recycling of the older unit, and taxes for a refrigerator that only uses 392 kWh. If it replaces a unit that uses only 1,000 kWh a year, the customer can put \$555 of the cost on the surcharge and get a new refrigerator for only \$740. The actual amount able to be billed through the surcharge over the five-year warranty period will be calculated by the Certified Appliance Vendor based on the existing usage estimate using the ENERGY STAR calculator, the usage of the new refrigerator, and the Windsor Efficiency PAYS® Savings Tester (Attachment B).

Certified Appliance Vendors will be required to attach all appliances, Basic Plus or Co-pay and Permanent or Owner's Choice to the building with at least a quarter-inch cable using blind rivets, a combination lock, and stickers on both the appliance and the cable making it clear that removal before all payments are completed constitutes theft. This program design feature should minimize the potential for customers to accidentally remove their appliances when they relocate. If they have not paid all remaining surcharges and repaid any Windsor rebate used to qualify the measure, EEI recommends treating a missing appliance as theft by the relocating customer. The Customer Purchase Agreement will clearly state this is the responsibility of the relocating customer.

Note: At this time, Solar Water Heating systems (SWH) will not be a Co-pay measure because EEI has not received any assurances that a Capital Provider will help structure participants' purchases as a tax-advantaged investment, significantly reducing their price, and Pacific Gas and Electric (PG&E) has not assured participants that they will receive rebates.¹¹ Clearly, for installation of SWH systems to have significant savings, customers must have access to adequate insulation (e.g., a south facing, unobstructed roof) and a sufficient hot water load (e.g., families

¹⁰ <http://www.energystar.gov/index.cfm?fuseaction=refrig.calculator>

¹¹ EEI has repeatedly attempted to contact PG&E to discuss ways to enable PG&E rebates to help qualify Solar Water Heating systems as a program measure, and has enlisted others to facilitate contact. As of the date of this Program Design, PG&E has not returned any of EEI's calls or followed up others' requests for contact.

of four or more are more likely to qualify than single customers). Additionally, because of the higher price per British thermal unit (btu) for electricity customers using SWH systems to replace an electric water heater will receive much greater savings than those heating domestic water with gas.

Prior to February 17, 2012, if the selected Capital Provider has the expertise and interest to determine if it is possible to structure multiple SWH installations as a single tax-advantaged investment, it locates an investor willing to share at least half of the benefits with participating customers, and PG&E commits to offering customers rebates for installed SWH systems, EEI will add SWH as a Co-pay measure.

Custom Measures

The Windsor Efficiency PAYS[®] system is very flexible. At program start-up, only the measures described above will be available to participants. However, at some point, especially when the program is expanded to serve commercial or institutional customers including the Town of Windsor itself, Windsor may add Custom measures to the pilot. Participants who have had an independent water or energy audit (i.e., an audit performed by a certified auditor that has no interest in the sale or installation of measures or an audit verified by a major utility) may apply to the pilot's Certification Agent to install any resource efficiency measure through this pilot as a Custom Basic Plus measure or Custom Co-pay measure. The audit must estimate savings in energy units (e.g., kilowatt hours or therms) or water units (gallons). The Certification Agent is ultimately responsible for ensuring that the estimated savings are realistic for each home and that the customer is likely to receive the estimated level of savings or more. The Certification Agent may adjust the audit's estimated savings as necessary.

Based on these estimated annual resource savings, the Certification Agent will screen each Custom measure's cost effectiveness as a Windsor Efficiency PAYS[®] measure using current water, gas, and electric rates with the Windsor Efficiency PAYS[®] Savings Tester. If a contractor is willing to meet all contractor certification requirements (see Section G) and the participant is not eligible for or has reasons for not participating in Energy Upgrade California[™] (Energy Upgrade) programs including Sonoma County's Energy Independence Program (e.g., the project size is too small, they do not own the premises, they are behind in their property tax payments etc.), the Certification Agent may qualify all or part of the cost of the installed measure for the surcharge. Both Contractors and the Certification Agent will refer all customers eligible for Energy Upgrade California programs to those programs after Windsor Efficiency PAYS[®] projects have been completed.

Actual Custom measures, their cost, and their eligibility criteria will be determined by customers' interests and Contractors' innovative selling with the Certification Agent functioning as an effective gatekeeper. While EEI does not expect Custom measures to be approved during the first year of the Windsor Efficiency PAYS[®] pilot, as "an offer that works" becomes better

understood, it is likely the marketplace will create new qualifying measures by those who want access to this unique offer.

Measure Cost Effectiveness

The above measures, costs, and thresholds are based on preliminary estimates prepared by EEI and its subcontractor, Mr. Edwin Orrett of Resource Performance Partners, Inc. EEI anticipates manufacturer and contractor responses to requests for proposals (RFPs) will result in prices at or below Mr. Orrett's estimates. However, the marketplace will determine which measures can qualify for this pilot. As bids are received, vendors and contractors selected, and Windsor's water rates and rebates for 2012 are set, EEI and Mr. Orrett will modify their analysis to determine final usage thresholds and surcharge amounts and update this Program Design.

Measure selection by the Town of Windsor will be based on its assessment of measure quality, Suppliers' willingness to take back unused units at no additional cost, extended warranties, price, and availability.

Finally, many contractors find that customers who purchase cost-effective measures often decide that at the same time it makes sense to install other measures with significant non-financial benefits (e.g., new windows and/or new heating systems). Up-selling refers to the contractor practice of offering customers the opportunity to include such purchases in their project. Part of the cost for additional measures purchased by participants may even qualify for the surcharge as Custom measures. However, to ensure customers and Certified Contractors understand that up-selling, while not prohibited, is separate from the pilot program and not associated with the same benefits as an offer that works, installation of such measures will require separate contracts.

Program Fees

Windsor Efficiency PAYS[®] customer service and program administration will be funded out of customers' savings. Program fees will be charged for two types of installed measures. Initially, \$100 will be charged for each high efficiency clothes washer installed; \$50 will be charged for each high efficiency toilet replacement; and \$25 will be charged for showerhead and aerator packages installed when no toilet or clothes washer is installed. However, no customer will be charged program fees in excess of \$150.

The Certification Agent will be responsible for tracking program fees and reporting on them to the Sonoma County Regional Climate Protection Authority (RCPA) and Windsor at least every three months. The Certification Agent should set up a tracking system to ensure that the average Program Fee is not less than \$100 per home. If the average Program Fee is less than \$100, it should notify RCPA and Windsor to seek their permission to eliminate the maximum fee per home, increase one or more fees, charge fees for Co-pay measures, or take other steps to ensure it does not collect less revenue than it needs to pay itself its bid amount. At each three-month

interval, if the Certification Agent and Windsor find that the Certification Agent has collected more than its bid amount per completed job (by simply dividing the amount collected by the number of completed jobs), they should agree whether fee changes are needed and how much of the program fee over collections should be paid to Windsor and added to its guarantee fund at that time.

D. Marketing, Education and Outreach (MEO)

Creating an “offer that works” requires a well thought out, strategic marketing, education, and outreach program (MEO). The MEO program will be most effectively launched in two phases. First, a consumer education campaign will familiarize customers with this unique offer and create customer excitement and interest in participating, and, second, Certified Contractors and advocacy groups will market specific goods and services and provide outreach.

Though “saving money” will be a primary motivator for customers to participate in the program, the overall marketing, education, and outreach message will emphasize the many reasons customers will want to participate in this pilot. In addition to getting immediate positive cash flow, participants will enjoy upgraded efficiency measures and appliances, reduce their own carbon footprint, help protect the environment by reducing water and energy waste, help create jobs, and get to be part of a county and Statewide movement, Energy Upgrade California, to save energy, save money, and live comfortably.

Brand Name

As part of the MEO plan, a brand name has been identified and approved by RCPA and the Town of Windsor. Representatives of the Town of Windsor, RCPA, BKi, and others met to address this issue and adopted the brand name, Windsor Efficiency PAYS[®]. The group also agreed upon a tag line: *Water and energy upgrades that pay you to save.*

The brand name works on a variety of levels. First, it is adaptable to any utility by changing the place name, maintaining both brand awareness and awareness of the program’s scope of services. Second, it highlights the type of program. And, finally, it creates brand recognition of the system being used to build interest and support based on successful programs.

The tag line reinforces the relationship to the Energy Upgrade California program while making it clear which type of efficiency measures are addressed. It also hints at the offer that works. Creating awareness of the brand name and tag line in the community will help create interest and awareness in this pilot.

Messaging

To the extent possible, the MEO will be consistent with marketing for the Energy Upgrade California program, but since programs based on the PAYS[®] system use different market assumptions, there will need to be some message differences. The pilot will draw from many of

the recommendations of the Lawrence Berkeley National Laboratory's *Driving Demand for Home Energy Improvements* study regarding what motivates consumers to participate in energy/water efficiency programs.

However, the key message for the Windsor Efficiency PAYS[®] program will be its focus on an "offer that works": an opportunity to purchase resource-efficient products with no upfront payment, no new debt, and none of the risks customers are likely to associate with future savings or having contractors installing measures in their homes.

Key Message for Windsor Efficiency PAYS[®]

Windsor Efficiency PAYS is a new program in the Town of Windsor that provides residents with immediate savings on utility bills through the installation of very efficient products and appliances, and dry-summer, drought-resistant landscaping that requires no upfront, out of pocket payment.

Supporting Messages/Features

- Save money;
- Eliminate water and energy waste; reduce demand for limited resources;
- Enjoy new efficient products for your home like clothes washers, toilets, and super efficient shower heads;
- Replace turf with dry-summer, drought-resistant landscaping: the single most important action you can take to protect our water supply;
- Feel confident about quality and workmanship in your home by working with pre-selected and bonded contractors;
- Purchase products with no out-of-pocket costs, credit checks, or new debt; and
- Reduce your carbon footprint and help protect the environment

Leveraging Community-Wide Marketing Program

Since the Windsor Efficiency PAYS[®] pilot will include customers of a single municipality with clear boundaries for participation, the communications and outreach plan will use a targeted approach. The pilot will also benefit from the broader marketing program for Energy Upgrade California being delivered throughout the county, region, and state. In Sonoma County, marketing and outreach efforts will be underway several months before the implementation of this pilot, and therefore should provide some early consumer education and awareness regarding the value and benefit of participating in energy/water efficiency programs.

Communication Goals/Objectives

The Windsor Efficiency PAYS[®] pilot will use a communication and outreach plan that is specific for each target population and will identify any special circumstances and/or opportunities unique to the Town of Windsor. This plan will include the need for bilingual materials; appropriate messages and outreach techniques based on demographics, cultural activities, climate, and other local conditions; timing considerations; and opportunities to work with community-based organizations. The plan will identify the best approaches to reach cultural communities in Windsor, for example, reaching target populations where they gather. In addition, the plan will be developed with the selected pilot contractors and provide marketing and sales tools for their use.

The communication goal for the pilot should follow the marketing principle outlined in the *Driving Demand* study: “one touch is not enough... a message must be delivered multiple times before a consumer will engage in learning more about a product or service.”

PHASE I: Consumer Education Campaign October 2011 through February 2012

A public awareness and consumer education campaign will be launched in advance of the marketing and outreach campaign targeting consumers of the implementing utility. This phase of the MEO should leverage energy/water efficiency messaging underway through the Energy Upgrade California program. An offer too good to refuse is likely to sound like an offer too good to be true, especially if the first time a customer hears the offer it is delivered by an unknown contractor. The consumer education campaign should use “trusted messengers” such as local media and community and opinion leaders. The education campaign goal is to create multiple exposures and opportunities to learn about the pilot program, the program name, an offer that works, and the value and benefit of participating.

The consumer education campaign and materials will be designed to:

- Create interest and trust in the program;
- Communicate the key messages outlined above;
- Generate excitement in being among those allowed to participate in this limited pilot;
- Prepare utility customers to have contractors contact them about the program offer; and
- Explain the opt-out and opt-in provisions of the pilot.

MEO Strategies

The MEO plan will employ the following strategies:

Emphasis: The plan will focus on Town of Windsor/Public Utility Outreach Channels; Energy Upgrade California outreach and statewide Web portal; Media; Community Groups/Schools; Local Businesses; and Community Leaders.

Homeowners and Renters:

- **Utility Bill Stuffer:** (Distributed in November/December, and January/February billing cycles) It is important that utility communications include information about the benefits of dry-summer, drought-tolerant landscaping.
- **Direct Mail:** A piece to target residents, separate from bill stuffers, educating about the offer that works and the Basic, Basic Plus and Co-Pay measures and highlighting Landscaping as the single most effective measure.
- **Web and Email:** Consumers will be directed to the Town of Windsor Website to sign-up for updates. Regular updates and messaging should be distributed via email notices and on the Windsor Efficiency PAYS[®] Web page.
- **Power Point:** Use the continuous PowerPoint[™] loop on Town Website to deliver program details.
- **Energy Upgrade California state Website:** Establish a unique page with program details on the state Website for the Windsor Efficiency PAYS[®] program.
- **Speaker's Bureau:** Target organizations in Windsor through the Outreach Network for Energy Upgrade California.
- **Local Businesses:** Identify central gathering places and frequently visited businesses to post and/or distribute flyers. Specifically target nurseries and Master Gardeners weekend talks during the spring.
- **Use Community Leaders as spokespersons:** Ask identified Community Leaders to make presentations to community groups, promote the program to their constituencies, and submit letters and/or articles for media.
- **Community Based Organizations:** Use outreach efforts of local water conservation and environmental groups like Daily Acts (350 Home/Garden Challenge), Sonoma County Conservation Action, the Center for Social and Environmental Stewardship (Circuit Riders), Russian River Watershed Association, and the Sonoma County Water Coalition. These organizations should be provided publicity materials and program updates and asked to share with members and supporters residing in Windsor. Work with California Human Development and North Coast Energy Services on outreach efforts for the income-qualified weatherization program in targeted neighborhoods.

- **Target Neighborhoods:** Work with the Town of Windsor and Certified Contractors to identify neighborhoods where housing characteristics dictate a need for specific measures and develop messaging to reach these customers.
- **Windsor Unified School District:**
 - Distribute a flyer through school system (K-12) in the weekly packets sent home to parents. These are distributed every Wednesday and the school district has allowed other Town of Windsor sponsored information in the packets. Use this distribution channel as often as the school district will allow and the pilot budget will afford.
 - Windsor High School has a sustainability club (WISE) of students who should be educated about and used in outreach efforts for Windsor Efficiency PAYS[®]. The Seniors have required community services hours and can be enlisted to make community presentations, and participate in door-to-door outreach.
 - Cali Calmecac is a Spanish immersion charter school with over 900 students (K-8); this will be a good channel to reach Spanish-speaking population and the Hispanic population which constitutes 30 percent of the Windsor population.
 - Coordinate with the Sonoma County Water Agency (SCWA) outreach and education program through the schools as appropriate.
- **Town of Windsor In-House:** Communicate Windsor Efficiency PAYS[®] program services to town staff through regular government communications channels.
- **Community Events:** Windsor Efficiency PAYS[®] should have a presence at popular community events like the Windsor Chamber Business Expo (February), Annual Chamber Dinner (February/March), Farmers Market (May-December), and On the Green Movie Night (May-August). Contact should be made in Phase I for early commitments with event organizers.
- **Parks and Recreation:** Use the Town's Parks and Recreation Department outreach program including the Spring/Summer guidebook (February/March) as outreach channel for promotions and endorsement of the pilot.
- **Windsor Refuse and Recycling:** Contact about including bill stuffer in monthly billing.
- **Media:** Distribute press releases and updates about the pilot targeting the *Windsor Times* and the Towns editor of the *Press Democrat*. Submit feeds to the Town of Windsor's online page of the *Press Democrat*. If budget allows, consider placing ads on the Windsor Town Page of the *Press Democrat* (\$175 per insertion).
- **Social Media:** Conduct online media campaign to distribute pilot information through the Town of Windsor Website, Energy Upgrade California Website, community-based organization and school Websites, social media Websites, email outreach, and community leaders' social media Websites like Facebook, and Twitter.

- **Early Adopter Testimonials:** Depending on Windsor's ability to implement required changes to its Eden billing and information system, it may be possible to test the pilot with key leaders and early adopters before the official start date. If so, testimonials from satisfied "early adopters" can become part of the Phase I MEO effort. Regardless of when it occurs, testimonials from satisfied key leaders and early adopters should be incorporated into the MEO plan.

Multi-Family Housing

Historically, few multi-family customers participate in resource efficiency programs. The primary cause is the split incentive: programs that benefit tenants require measures purchased by the building owner who receives no savings. Additionally, landlords tend to avoid programs because they know that conversations with tenants typically end up costing them money. Finally, multi-family housing has the highest concentration of customers whose primary language is not English, which further complicates reaching this key target market. To overcome these historical barriers, unique marketing strategies are required to meet the pilot goal of having at least 10 percent of participants reside in multi-family buildings.

EEI recommends a top-down and bottom-up approach. The Windsor water department should identify property owners of large multi-family units and invite them to a meeting at the Town or Department offices to inform them of the program and invite their participation. If the water department lacks the resources to schedule these meetings, RCPA or an advocacy group interested in multi-family building issues should arrange for these meetings. These meetings will help identify building owners interested in participating in the pilot. Additionally, if there are effective tenant organizations (e.g., Fair Housing of Sonoma County), they should be invited to help market the program to residents of targeted multi-family buildings. This top-down and bottom-up combination should be sufficient for the pilot to meet this goal.

Additionally, requiring contractors to meet the 10 percent requirement of serving multi-family units in the first six months will create interest among contractors to quickly meet this market to avoid problems with the certification. Contacts with multi-family building owners during program design and design review will also support meeting this threshold inasmuch as the property owners' whose input was solicited has created awareness and interest among two property owners who have sufficient units to meet the pilot's multi-family participation threshold. Their contact information will be provided to the Certified Lead Contractor assigned these units.

Dry-Summer, Drought-Resistant Landscaping

From a water utility perspective, having customers replace existing turf with dry-summer, drought-tolerant landscaping (Landscaping) that, once established, can be maintained without

supplemental irrigation (including many California native or other Mediterranean climate adapted plant species) is the single most valuable resource efficiency measure this program can promote. This measure not only saves a significant amount of water, it saves this water during Windsor's peak usage months. However, most experts consider the market for Landscaping to be miniscule. This pilot will test whether an offer that works will encourage more customers to replace turf with dry-summer, drought-tolerant landscaping by overcoming the cost effectiveness issue.

While Landscaping Contractors must install the Standard Landscaping package (including the sheet mulching and installation of a drip irrigation system), do-it-yourselfers will be invited to work with or without their Landscaping Contractors to install enhanced dry-summer, drought-tolerant plantings.

PHASE II: Contractor Marketing and Outreach to Customers March 2012 and Ongoing

Phase II of the MEO will include a continuation of strategies outlined above as appropriate and as budget allows.

A well thought out consumer education campaign and well designed contractor marketing tool kit will help Certified Contractors to be successful in Phase II when making offers that work to eligible customers. However, the PAYS® system requires Certified Contractors to be responsible for marketing directly to customers. Certified Lead Contractors may go door to door, telemarket, or use other marketing methods in coordination with the program marketing to reach potential customers. If utility budgets or the Energy Upgrade California program have funds for marketing, a coordinated outreach with all Certified Contractors should be employed to market the pilot to target neighborhoods with door-to-door marketing and door hangers. Additionally, Certified Contractors will be provided marketing tool kits, guidelines, training, and tips for effective marketing and outreach. Contractor tool kits may include program branded apparel such as T-shirts, hats, and windbreakers, as well as, marketing collateral for the required referral to Energy Upgrade California. At a minimum, program branded apparel will be designed by the program and available at Contractors' costs from a local supplier.

Contractors may supplement any marketing pieces contained in the marketing tool kits and guidelines with their own materials. However, all materials need to be approved in advance by the Windsor Efficiency PAYS® Certification Agent with written confirmation of approval (e.g., an email).

Although most interested customers are likely to qualify for Basic and Basic Plus measures, before entering homes, Lead Contractors must qualify customers using some initial questions (e.g., Can you make decisions for this home? How many people live in this home? How many loads of clothes washing do you do a week? How many times a day is your toilet flushed?).

If Landscaping is a program measure, the Certification Agent will screen Windsor customers for summer usage and identify the top third of customers whose water usage during summer months exceeds their usage during the rest of the year. While in the home with a customer who is on the top-third high summer use list, Lead Contractors will be required to schedule a visit by a Certified Landscaping Contractor if the customer has not opted out of the program (as described in Section G).

EEI recommends that RCPA, Climate Protection Campaign, or the Windsor utility create or identify one or more model residential dry-summer, drought-resistant landscaping sites. These models should be similar to the Standard Landscaping package (although having some areas with enhanced native landscaping will also help potential participants). One or more designated model-landscaping sites would enable the water utility to schedule tours to see what Landscaping looks like when done well. It could also be the focus of an article written for the information campaign or of a video posted on Websites as noted above.

Taking advantage of “trigger” events, marketing and outreach for Landscaping should target programs and partnerships with local home and garden stores, as well as coordinating with the Sonoma County Master Gardeners weekly workshop program and Windsor Landscaping events.

E. Contractor Offer Overview

Once customers understand the Windsor Efficiency PAYS® pilot offer and view it as legitimate, a Certified Lead Contractor with an offer “too good to refuse” is all that is required to market measures in programs using the PAYS® system. Certified Contractors should have no trouble selling measures when they are able to offer customers installations with the following offer:

- I install measures and you pay me nothing. Your water utility pays me.
- You will be charged every two months on your water utility bill. However, your total utility bills (water, gas, and electric), even with the measure charges, will be significantly less than what they would have been without installing the measures based on conservative savings estimates; the program is designed to provide the bill payer at this location with immediate net savings.
- You and your home have no loan, no lien, and no debt associated with this obligation; it is just a new utility bill surcharge for this location designed to result in lower overall utility bills.
- If you leave this location at any time, your payment obligation ends (except for portable measures); the next bill payer at this location gets the remaining savings and makes the remaining payments.
- If you report that a measure fails at any time during the payment period and it is not repaired, your payment obligation ends.

- If a measure fails, you did not damage it, and it can be repaired, you will not pay for the repair at that time; that would mean your payments (the cost for repairs and the water bill surcharge for that period) would exceed your savings. The payment term will be extended to recover repair costs; whoever is in the location at that time will continue to pay a little longer but only if the measure continues to function.
- If, at any time during the payment period, it is discovered that I put in the wrong measure, put it in incorrectly, or failed to get required permits, the utility has required my company to be bonded for the duration of the payments. That means I, or another contractor, will fix the deficiency at no cost to you, even if I go out of business.

Section G, subsection Bona Fide Offers and Co-pay Measures Sales Pitches includes recommended protocols for how Certified Contractors may adjust this offer to account for Co-pay and Custom measures and up selling.

F. Capital

During its January 2011 presentation in Santa Rosa, EEI asserted that Capital Providers become interested in an active market where there is a high participation rate, contractor capability to deliver, and the need for significant amounts of capital. Capital Providers want:

- Large loans to justify transaction costs,
- As much certainty as possible that they will get back their principal and interest,
- One loan rather than many loans, and
- As few transactions associated with the loan(s) as possible

The RCPA has received letters from three local banks, One PacificCoast Bank, Redwood Credit Union, and New Resource Bank, and larger capital funds, Ygrene Energy Fund and the Clean Fund, expressing interest in providing the needed capital for the Windsor Efficiency PAYS® pilot. Additionally, these larger funds have indicated that they are willing to help the program team structure this pilot so that if it is replicated on a large scale (e.g., in cities like Los Angeles, San Francisco, or Sacramento) that providing capital will be attractive to larger capital providers who can supply the necessary funding. This robust interest by capital providers illustrates the power of a customer offer that works.

The Capital Provider will be required to create a line of credit for the program of up to \$5 million with a stated, fixed interest rate. Any bid over \$4 million will be acceptable. Capital Providers may bid to provide different interest rates for surcharges with different durations (e.g., 5 years, 10 years, and 15 years). Variable rates will not be acceptable. Once a bid is accepted, changes to the bid interest rates must be noticed 90 days before they go into effect.

The program will use an RFP process to select the Capital Provider able to provide the lowest possible rate(s), the longest duration for which that rate is guaranteed to be available, and the most flexible terms (e.g., bi-monthly payments to better coincide with collections and to delay the first customer payment on each project for 45 days to minimize utility cash flow problems). Two potential capital providers may submit a single bid in order to increase their ability to offer lower rates and/or be more flexible. Any interest rate below 7 percent will facilitate an offer that works. If all other qualifications are equal, EEI would recommend selection of local Capital Providers able and interested in replicating this program throughout California. However, final selection will be made by Windsor and RCPA.

Capital Providers will be provided with the following information to assess credit quality and the financial dynamics of the Town of Windsor. Windsor may request confidentiality agreements from potential bidders before releasing this information.

1. Audited financial statements for the fiscal years ending June 30, 2009; June 30, 2010; and June 30, 2011, for the Town of Windsor. The Town can provide certifications that the audited data on its Website are accurate and either post the June 30, 2011, audited year-end financial statement or otherwise make it available to bidders.
2. The fiscal year-end June 30, 2012, and June 30, 2013, proposed operating budgets for the Town of Windsor. The Town can certify that the budgets on its Website have been approved/adopted by the Town Council and that they are accurate copies.
3. Municipal bond ratings, if any, that exist for the Town of Windsor.
4. Disclosure of any contingent or unfunded liabilities of the Town of Windsor (such as unfunded pension liabilities, lawsuits, etc.).
5. Certification from the Sonoma County Water Agency that the provisions of the \$250,000 Security Fund detailed in this Program Design are correct or notification of any differences.
6. Information regarding the default rates for the past three years on consumer payments, preferably residential consumer payments, to the Town of Windsor water utility.

The total capital required for the pilot is \$2,423,774 if the following conservative estimates are achieved:

1. \$150 per replacement refrigerator for an estimated 20 percent of participants (i.e., 400 refrigerators) = \$60,000
2. \$278 per replacement toilet with an average of 1.5 for all participants (i.e., 3,000 toilets) = \$834,000
3. \$13.20 per each showerhead and aerators with an average of 1.5 showerheads and aerators for all participants (i.e., 3,000 showerheads and aerator package) = \$39,600

4. \$690.29 per clothes washer for an estimated 30 percent of participants (i.e. 600 units) = \$414,174
5. \$2.65 per square foot of Standard Landscaping at an average of 750 square feet of per project for an estimated 20 percent of participants (i.e. 300,000 square feet, including an estimated capacity credit) = \$795,000
6. \$50 for on-demand hot water recirculation pumps for an estimated 20 percent of participants (i.e., 400 pumps) = \$20,000
7. \$150 for replacement refrigerators for an estimated 20 percent of participants (i.e., 400 refrigerators) = \$60,000
8. \$100 average program fee for all participants (2,000) = \$200,000

The requirement for at least \$4 million assures that if the pilot is as successful as everyone hopes and even more measures are installed or if solar water heating systems can be qualified as a measure that there is sufficient capital available to pay for measures.

G. Certified Contractors and Measure Suppliers

Given that different skills and technical knowledge are required to sell and install different types of products, four separate Contractor/Supplier RFPs will be issued for the different measure packages described below:

- **Lead Contractors:** Contractors able to install Basic measures (i.e., toilets, showerheads, aerators), on-demand hot water recirculation pumps, and CFLs;
- **Landscaping Contractors:** Contractors able to design and install the Standard Landscaping package to replace turf and offer Enhanced Landscaping design and installation services;
- **Appliance Vendor:** Appliance Vendors able to supply and install clothes washers and refrigerators and remove and decommission replaced units (i.e., acting as both a Certified Contractor and Lead Measures Supplier); and
- **Lead Measures Supplier:** One or more Suppliers able to provide the measures to be installed by Lead Contractors, including Basic measures, CFLs, and residential on-demand hot water recirculation pumps.

Certification and RFPs

Any provider of renewable or resource efficiency goods and services may apply to become a Certified Contractor (i.e., Lead, Landscaping, or Appliance) or Lead Measures Supplier. Certified Contractors and Lead Measures Suppliers must agree to sign a Contractor Installation Agreement (Attachment E) and/or Manufacturer/Distributor Agreement (Attachment F) and

agree to adhere to all protocols in this Program Design. Appliance Vendors must sign both since they will act as appliance Suppliers and Certified Contractors.

The Contractors and Suppliers will be selected using an RFP process. The bidder with the best proposal will sign the appropriate agreement. At that time, the Contractor and/or Supplier will provide Certificates of Insurance, meeting the Town of Windsor's Standard Services insurance requirements. Contractors will also arrange to have any staff who may work in the Windsor Efficiency PAYS[®] pilot trained at the February 2012 training (described in Section L). Suppliers may attend the training sessions if they want to present product installation instructions and marketing tips. Only Contractor staff who successfully complete training by RCPA (and subsequently by the Certification Agent, who will assume training functions after being provided with all training materials) may perform program functions.

In residential programs where small savings from a limited set of measures must offset measure installation and relatively high transaction costs, using RFPs both to select Certified Contractors and to establish fixed labor prices for installation of Basic, Basic Plus and Co-pay measures¹² ensures that program requirements are met at the lowest cost. In addition to selection of Certified Contractors, RFPs will also be used to select Suppliers of key program measures to ensure products meet program standards, have the best and longest possible warranty, and are available for the lowest possible price. EEI's experience has shown that using RFPs for residential program measures can significantly reduce costs and enable more measures to qualify for the surcharge under the 75 percent rule without significant rebates.

Lead Contractors will be bidding on the costs for installation and installation accessories (e.g., wax seals, replacement supply line, and an acceptable new toilet seat). Basic, Basic Plus, and Co-pay measures will be provided to the program directly by Suppliers whose proposals in response to RFPs were selected because of price and quality.

There has been sufficient contractor and supplier interest in the Windsor Efficiency PAYS[®] pilot and the offer that works to expect the RFPs will generate the needed response. Based on EEI's conversations with Contractors and Suppliers, there is interest even though Contractors understand that there will be no extra funding to pay for Contractor visits as there typically is for programs offering audits, direct install programs, or information programs, and Suppliers are not promised a specific number of product sales. Contractors seem willing to visit homes at no cost because of their confidence in their own sales ability and the power of the Windsor Efficiency PAYS[®] offer to create sales. Distributors are sufficiently intrigued by the offer to provide bulk purchase pricing and meet stiff warranty requirements without any assurance of sales. RFPs developed by EEI and vetted by the utility and the program team (Attachments G), were issued by RCPA on December 1, 2011, assuming a March 1, 2012 start date, to ensure contractors have sufficient time to learn about the program, prepare the best possible bids, meet program

¹² Landscaping Contractors will not be required to bid the myriad enhanced packages and design services customers may request of them.

insurance and bonding requirements, and arrange for staff to attend the mandatory training. It is likely that final selection in early February after initial screening will require interviews and reference checks.

If SWH systems become a program measure, RFPs for both SWH equipment and installers will be required. It is impossible to include them at this time absent a tax-advantaged investor, a system package with sufficiently low costs and high reliability, and contractors who believe they can sell the SWH package system to customers using the Windsor Efficiency PAYS® offer.

The Contractor Agreement and the protocols in this Program Design require Certified Contractors and Suppliers to provide a high level of assurance to customers. Contractors must:

- Agree to be bonded or provide irrevocable letters of credit from a bank¹³ to assure performance;
- Provide warranties (extended as long as possible up to the term of customer payments);
- Agree to be responsible for their quality of workmanship and compliance with federal, state, and local standards;
- Secure required permits and include this cost and taxes in its proposed project price;
- Provide certificates of insurance in accordance with Town of Windsor Standard Services requirements;
- Agree to pay any required training fees¹⁴ and any penalties related to failed inspections, which will be used to pay for additional quality control inspections; and
- Successfully complete required training to be allowed to make offers to customers.

Suppliers must meet the same requirements except the requirements for bonding and training.

If possible, two Lead and two Landscaping Contractors will be certified for the pilot providing their bid prices are comparable and that the one with the higher prices is willing to install measures for the lower amounts. Having two contractors capable of installing each set of major measures ensures that one contractor will continue to be available in the event of problems with the other, while providing the participating contractors a sufficient market for their goods and services, making it worth their while to meet the program's requirements. However, any customer that insists that their preferred contractor install measures may do so and pay for the installation on their water bill if their contractor is willing to install measures for the fixed price

¹³ Bonding and irrevocable letters of credit must be in place for the duration of surcharges for installed measures.

¹⁴ Training after the initial EEI training before pilot start-up may require fees, which would be proposed by the Certification Agent and approved by the Town of Windsor. There is no cost for the initial training. At this time, EEI envisions that future training and testing could be delivered in 4 hours or less using EEI supplied training materials and cost between \$500 to \$1,000 per session.

obtained from bidding, sign the Contractor Agreement, provide the required certificates of insurance and proof of bonding or irrevocable letter of credit, and complete a modified version of the required training (see Section L, Training, below).

Assignment of Customers to Contractors

Windsor has identified that a key concern about a market-based program is the potential for a customer to receive a barrage of calls and sales pitches from competing Certified Contractors trying to sell program services. Additionally, inviting customers with the offer of no upfront payments and then trying to sell them measures with upfront co-payments may be considered deceitful unless care is taken to avoid this perception. Windsor, the pilot program, and Certified Contractors will all benefit if these problems can be avoided.

Subsequent to approval of the Windsor Efficiency PAYS[®] Program Concept Paper, it was determined that the best way to avoid this problem would be to have Lead Contractors make the initial sale to all customers and to assign customers to them if there is more than one Certified Lead Contractor. Each Lead Contractor will be assigned a list of customers likely to be eligible for program measures because of the targeting process described in Section B and because they have not opted out as described below.

Landscaping Contractors will also be assigned customers to assure a fair distribution of the potential market and avoid confusion. However, the Landscaping Contractors will only contact a customer on their assigned list if the customer has indicated to the Lead Contractor that (s)he wants to be contacted. If possible, Windsor, RCPA, and/or the Certification Agent should divide those customers Windsor has identified as being in the top third of water users — with high summer usage or high year round usage — by geographic location before assigning them to Certified Contractors in order to facilitate neighborhood marketing and travel efficiency.¹⁵ Identifying high summer usage customers will facilitate Lead Contractors referrals to Landscaping Contractors when appropriate.

To minimize the number of unwanted contractor contacts, Lead Contractors will also sell replacement clothes washers if they identify existing clothes washers that are eligible and market Landscaping if they visit a home identified with high summer usage and well irrigated turf and a homeowner interested in Landscaping. All contractors will be trained to identify and sell these measures during the Training described in Section L. Selling high efficiency clothes washers will require getting customers to sign a Purchase Agreement and arranging for the customer to speak with the Certified Appliance Vendor to schedule installation. Selling Landscaping will require getting eligible customers to agree to be visited by their assigned Certified Landscaping Contractor and helping the customer to schedule a visit.

¹⁵ At this time, RCPA believes it can perform this customer sorting if Windsor can provide it with the list of high using customers and their addresses.

Another program requirement is that Lead Contractors must identify customers who are willing to consider Co-pay measures before any of these measures can be discussed. For example, Lead Contractors cannot discuss on-demand hot water re-circulator pumps with customers until after all Basic and Basic Plus measures have been sold, after the contractor explains the opportunity to purchase measures with some upfront co-payments, and only if the customer states (s)he wants to hear about Co-pay measure offers. Additionally, Lead Contractors must ask customers if they want to discuss Co-pay measures with a Certified Appliance Vendor and/or Landscaping Contractor. Those Certified Contractors will be permitted to up sell such customers (e.g., refrigerators, even more efficient clothes washers, matching dryers, or enhanced landscaping) only if the customer has indicated to the Lead Contractor that (s)he considers these offers opportunities rather than annoyances.

Customer Opt Out and Opt In

To make the customer experience as simple and easy as possible (i.e., as few contractor visits and contracts signed as possible) yet assure customers they will not be annoyed with unwanted contacts, the following protocol will be used:

Customer Opt Out: All customers will have the right to opt out of the program at any time. Their first opportunity to opt out will be before program start-up. No contractor may contact any customer who has opted out. Their names will not appear on assigned lists for contractors. If a contractor is contacted by a customer whose name is not on their list, the customer should be directed to contact the Certification Agent to avoid potential problems with different residents at a location disagreeing about participation. A customer who has opted out may, at any time, change his/her mind and once again be available for a contractor to contact him/her about program measures. The Certification Agent will update lists to contractors when there are changes to avoid customer complaints.

Customer Opt In: If a customer actively wants to be contacted by a Lead Contractor they can opt in, which moves them to the top of the list to be contacted by their assigned contractor. Customers may also opt in for Landscaping. In the event that SWH systems are added to the pilot, customers who are specifically interested in one must opt in for this program measure in order to participate. The Certification Agent will handle the opt-in process.

Customers will be able to change their minds about opting out or opting in at any time while the pilot is operating. Additionally, participants will be allowed to install additional eligible measures at their location (i.e., participate again) at any time while the pilot is operational.

Marketing by Contractors

If there are multiple Lead or Landscaping Contractors each with assigned Windsor customers, traditional competitive marketing does not make much sense. At program training sessions

(Section L below) Lead Contractors will be encouraged to coordinate with the Landscaping Contractors (i.e., co-market services) to create confidence in the program and increase the likelihood of sales resulting from each customer contact.

Regardless of whether there is one or more Certified Contractors, as noted in Section D, any marketing must be approved in advance by the Certification Agent to ensure all claims are appropriate. The Certification Agent will also approve Certified Contractors' plans to identify any customers who contact them, discern whether the customers have already been assigned to another contractor, and make referrals as appropriate to the assigned contractor.

Contractors will be instructed to discuss in all their marketing efforts, including the time staff spends in potential participants' homes, all the customer benefits of participation. In addition to immediately improving their cash flow and getting assistance in upgrading appliances, participants receive a risk free offer to help protect the environment by reducing water and energy waste, help themselves and their neighbors by lowering overall utility system requirements, and become part of a county and statewide effort, Energy Upgrade California, to save energy, save money, and live comfortably. The most successful contractors will be those who emphasize all the benefits of participation to everyone with whom they engage.

If there is a single Lead Contractor, or multiple Contractors assigned by neighborhood, Lead Contractors may use Certification Agent approved door hangers to notify customers when they will be in the area. Contractors can also combine telemarketing to assigned customers with a door-to-door approach. For example, once Lead Contractor's installers are in a neighborhood where a customer has requested a visit as a result of telemarketing, it might make sense to knock on the doors of other assigned customers in that area.

Contractors are also encouraged to have customers whose homes they are in identify neighbors who might be interested in participating. Customers could call their friends and neighbors while the Contractor is in the home to facilitate contact with a personal referral. (NOTE: The Lead Contractor must ensure before following up referrals that any referred customer is on its assigned list.)

Badges

All Contractor staff contacting customers in their homes (i.e., on-site marketers, installers, and inspectors) must wear a photo ID badge (supplied at the Contractor's expense and included in the contractor marketing tool kit). Badges will be designed by the marketing team and be available from a local printer. Staff contacting customers will also be encouraged, but not required, to wear caps and/or light wind breaker jackets or T-shirts with the Windsor Efficiency PAYS® logo.

Wearing badges and program clothing will create program recognition and confidence among customers being asked to give access to their homes to Certified Contractors staff.

Contractor Access

In order to track the acceptance rate of bona fide offers (i.e., an offer made to an eligible customer to install Basic or Basic Plus measures in their home) and to better understand the number of customers likely to receive bona fide offers, it will be important to note how many customers grant access to their homes and to identify reasons why customers do not grant access. Certified Contractor field or office staff members are required to document the results of all customer contacts by completing a Windsor Efficiency PAYS® Customer Data Sheet (Attachment H) for all contacted customers — even customers who refuse access. Each Customer Data Sheet is part of an Excel Workbook that summarizes all program activity for all customers. A Web or Dropbox version of program forms will allow immediate transfer of key program information between Certified Contractors and the Certification Agent, who oversees their work and all program activity.

It is likely customers who initially refused access may opt in for services or change their mind as word-of-mouth advertising creates interest in the program. Certified Contractors are required to have a system in place that ensures they complete only one Data Sheet for each customer.

Regardless of whether the Lead Contractor is seeking access in person or by phone, Contractor staff should initiate the request for access using the following script, summarized in Attachment I:

1. Hello. My name is _____. I have been selected as your Certified Lead Contractor for the Town of Windsor's Windsor Efficiency PAYS® program.
2. Have you heard about Windsor's program?
3. The Town of Windsor is implementing this program to help its customers save energy and water. Customers get immediate savings while helping to protect our water supply and the environment.
4. My job is to find out if your home is eligible to install energy and water saving program measures at no upfront cost. If you are eligible for these measures, we can discuss those and some related measures you may want.
5. Are you interested in finding out whether you're eligible?
 - a. *If yes, continue.*
6. This is XXX street name in the Town of Windsor, right?
7. Is there more than one person living in this home?
 - a. *If yes, continue.*
 - b. *If no, let the person know they are not eligible, thank them, and move on to another customer.*

8. Are you the person who pays the water and energy bills and can make decisions about installing efficiency measures in your home?
 - a. *If no, obtain name of decision maker, arrange for call back, leave contact information, and move on to another customer.*
 - b. *If not building owner but a bill payer or decision maker, explain the Owner Agreement and why owners typically allow customers to pay for upgrades to their property. (NOTE: Lead Contractor may choose to continue with the customer access request script if the customer is a tenant or first contact the homeowner. However, an Owner Agreement for Tenant-Paid Measures will be required before any work begins in rental properties.)*
 - c. *If the occupant pays the water bills but not the energy bills, they are not likely to be eligible for any measure that requires energy savings to be sufficiently cost effective to qualify for the surcharge. Contact the Certification Agent before proceeding with the customer at this location.¹⁶*
9. I'd like to do a quick survey of your water and energy use that will help me determine if you are eligible to receive a program offer.
10. How many toilets do you have in your home? On average, how many times is each toilet flushed per day?
11. How many bathrooms do you have and use in your home? How many shower stalls? How long are the showers used, on average, each day?
12. Are there any incandescent light bulbs that you use in your home more than three hours per day?
13. Do you have a clothes washer? Is it a top- or front-loading unit? Do you know if it is ENERGY STAR rated? How many times is it used during the average week?
 - a. *If showerheads, toilets, or washers are eligible for replacement, continue.*
 - b. *If not, thank the customer and move on.*
14. With your permission, I will check out your home, verify that there are toilets, showerheads, aerators, and clothes washers that I can replace with no upfront cost to you. If you want, I can install or arrange for installation of brand new replacement products and you pay me nothing. The Town of Windsor water utility pays me.

¹⁶ At least one public housing landlord indicated it may be willing to pay to install measures requiring energy savings to qualify for the surcharge even though the customer will receive a significant portion of the savings. The Certification Agent should be able to help figure out whether it makes sense to allow the customer at this type of unit to participate.

15. You will pay for these products over time on your water utility bill. Windsor will add a small surcharge to each bill that is estimated to be significantly less than what you will save; the surcharge is calculated to provide the bill payer at this location with immediate net savings.
16. You and your home will have no loan, no lien, and no debt associated with this obligation; it is just a new, utility bill surcharge for this location designed to result in lower overall utility bills.
17. If you leave this location at any time, your payment obligation ends (except for portable measures); the next bill payer at this location gets the remaining savings and makes the remaining payments.
18. If you report that a measure fails at any time during the payment period and it is not repaired, your payment obligation ends.
19. If any product I install fails and you did not damage it, and if it can be repaired, you will not pay for the repair at that time. The payment term may be extended to recover repair costs but only if the product continues to function.
20. If, at any time during the payment period, it is discovered that I installed the wrong measure, installed it incorrectly, or failed to get required permits, Windsor has required my company be bonded for the duration of these payments. That means I, or another contractor, will fix the deficiency at no cost to you, even if I go out of business.
21. After we discuss all products you can have without paying me one cent, there are a number of products for which you may also be eligible but which require some upfront payment that we can discuss if you are interested. They include a more efficient clothes washer with nicer features, a new refrigerator, dry summer drought-tolerant landscaping, a special pump designed to stop energy and water waste in kitchens or bathrooms far from your water heater, and even a matching clothes dryer. However, I will not discuss these with you without your permission.
 - a. *If telemarketing: May I send a program contractor to your home?*
 - b. *If on-site: May I come in?*

Again, a Customer Data Sheet (described in more detail below) must be completed for every customer from whom access is sought regardless of whether the customer provided access.

Basic and Basic Plus Measure Qualification

The Lead Contactor, if following up on a telemarketing call, should verify customer eligibility, ownership information, and understanding of the program before entering the home. This step is not required if the Lead Contractor identified the customer as eligible for the program at the door.

The Lead Contractor should briefly meet with the customer in a living room or kitchen and make sure the basic customer information on the Customer Data Sheet is filled in correctly and that all survey questions have been asked.

The Lead Contractor should go with the customer from bathroom to bathroom to check for showerheads, aerators, and toilets, reaffirming usage information from the telemarketer or from outside in order to identify potential replacements. At the same time, the Lead Contractor should look for potential lighting replacements, asking the customer to help identify any fixture with incandescent light bulbs that are used at least three hours per day.

The Lead Contractor should inspect each toilet to make sure that it does not use 1.28 gallons per flush (gpf) or less (these toilets cannot be replaced). Contractors should also identify older toilets that use 3.3 or more gpf; customers with older toilets should be strongly encouraged to replace them.¹⁷ The Lead Contractor should show pictures of the program toilet and testimonial statements from satisfied Windsor customers, and explain how it will cut water usage at least in half or by more than two-thirds if the toilet uses more than 3.3 gpf. Lead Contractors may replace toilets that use 1.6 gpf or more only if the customer also installs an equivalent number of showerheads or if aerators are installed in a kitchen and all of the faucets in two or more bathrooms. Toilets using 3.3 gpf or more do not require installation of showerheads or replacement of aerators.

While in a bathroom, the Lead Contractor should check out the existing showerheads and their flow rates if marked on the unit and offer the customer a high efficiency replacement. Almost all customers will cut their water usage in half if they choose the 1.25 gpm showerhead. Lead Contractors should tell customers that most people agree that the 1.25 gpm showerhead offers an adequate shower. It has the best payback of any program measure and will save a lot more water and help the environment more than almost any showerhead on the market.

However, some customers prefer a higher flow rate. The 1.5 gpm showerhead still pays for itself but uses at least 20 percent more water and energy than the highest efficiency showerhead offered in the program. To avoid callbacks, Lead Contractors should demonstrate the 1.25 gpm showerhead to see if the customer finds it acceptable. (NOTE: The Lead Contractor can also show the 1.5 gpm showerhead. If the customer is uncertain and wants to try the 1.25 gpm unit and if they indicate they can replace a showerhead, the contractor can install the 1.25 unit and leave a 1.5 gpm showerhead with the customer; the customer must be told they will have two weeks to return one showerhead to Windsor or Lead Contractor's office to avoid being charged for both and the Lead Contractor is responsible for following up on the return).

¹⁷ At this time, the T5 Flushmeter is approved to determine a toilet's gpf. Potential Lead Contractors should stipulate in their proposals how they will identify toilets that use 3.3 or more gallons per flush. The Certification Agent must approve any approach.

The Lead Contractor should also check for the applicability of aerators in the home and should demonstrate program aerators if possible. Lead Contractors may also save time by asking how long the customer waits for hot water at any shower or faucet, in case, as noted later in this section, the customer gives the Lead Contractor permission to discuss on-demand hot water recirculation pumps.

Lead Contractors will be encouraged to equip staff with calibrated plastic bags and a working watch to demonstrate flow rates. Measuring flow rates is not required but being prepared to do so may convince some customers that upgrading to a more efficient showerhead or aerator is wise.

The Lead Contractor should offer to demonstrate CFL replacements for incandescent lights used in the home an average of three or more hours per day. Lead Contractors are urged to be careful to identify all fixtures on a dimmer switch or that currently use a three-way bulb. The program has CFLs with dimmer capability, but Lead Contractors are limited to installing only one dimmable CFL out of every four CFLs installed.¹⁸ And, CFLs replacing three-way bulbs will typically operate on only one of the switched positions.

The Lead Contractor should check the clothes washer for program eligibility. Top-loading non-ENERGY STAR clothes washers used more than five times per week are eligible for replacement. Contractors must explain that in order to install clothes washers with no upfront cost, customers either have to install aerators in two locations (i.e., on a kitchen faucet and/or all of the faucets in one or more bathrooms) or a showerhead (i.e., aerators and/or showerheads not already used to permit installation of a high efficiency toilet) or assign PG&E's \$50 rebate for installing the clothes washer to the Town of Windsor, as described in the discussion of Eligible Measures and Measure Selection in Section C.

Then, all customers who have been identified as a high summer water users or have been identified by the Lead Contractor as having approximately 1,000 square feet or more of well-tended turf should be told about the opportunity to replace turf with dry-summer, drought-tolerant landscaping. Turf requires a lot of maintenance and is costly to irrigate for the customer and for all customers who end up paying for new supply, primarily to meet summer peak requirements. Standard and Enhanced Landscaping will be easier to maintain, and once established, requires no water during most summers. Standard Landscaping like other Basic Plus measures can be installed with no out-of-pocket cost, no debt, and all of the same consumer assurances. If the customer is interested, the Lead Contractor should arrange for the customer to talk with the assigned Landscaping Contractor by phone to schedule a meeting.

¹⁸ This ratio does not have to be maintained on a per home basis.

Bona Fide Offers and Co-pay Measures Sales Pitches

Once the Lead Contractor has identified eligible customers and measures, the Contractor is ready to make a *bona fide* offer and to discuss Co-pay measures. The Contractor should sit down with the customer, fill out a Purchase Agreement, have the customer sign it, and arrange for an Owner Agreement to be filled out and signed, if required.

First, the Lead Contractor should review all the eligible measures available for installation at no upfront cost to the customer (i.e., Basic and Basic Plus measures); the Contractor should use the Purchase Agreement during this discussion to save time.

Once Lead Contractors finish with Basic and Basic Plus measures, unless they have already been instructed that the customer is not interested in Co-pay measures, they should hand the customer a list of Co-pay measures developed by the marketing team (i.e., on-demand hot water recirculation pumps, refrigerators, more efficient and fully featured clothes washers and matching clothes dryers, and Enhanced Landscaping) and ask if the customer wants to discuss any of them. It is important to carefully and clearly distinguish between measures for which there is no upfront payment and those that require the Lead Contractor to be paid. Contractors need to record on the Customer Data Sheet if the customer is interested in learning about Co-pay measures.

If given permission to discuss Co-pay measures, Lead Contractors should then sell on-demand hot water recirculation pumps to interested customers because this measure can be installed by the Lead Contractor at the time of the visit. Contractors need to show what installations will look like, explain how customers get savings only if they use the switch before turning on the water at that location, and what installation entails. Lead Contractors must also explain that \$50 of the cost of the unit will be charged over five years as bi-monthly surcharges, making their upfront payment less than half of the retail cost for the unit.

The Lead Contractor will not add Landscaping or co-payment Appliances to the Purchase Agreement but the replacement Clothes Washer (Basic Plus model) will be added, if eligible, and if there is interest. The Lead Contractor should explain that the other Co-pay measures require referral to another Certified Contractor and determine customer interest. If there is interest in the refrigerator, fully featured clothes washer, matching clothes dryer, or Landscaping, the Lead Contractor should try to contact the assigned contractor to facilitate scheduling a visit at a mutually convenient time. The Lead Contractor will refer the customer to the Appliance Vendor or Landscaping Contractor for consumer education and product/service information regarding appliance Co-pay and Landscaping measures.

In addition, the Lead Contractor will inform the customer about the Energy Upgrade California program, providing at a minimum a “30-second” description of Energy Upgrade California programs, an explanation that if they are planning on purchasing a new heating/ventilation/air

conditioning (HVAC) system, water heater, or solar system, they can access significant rebate and consumer protection resources through Energy Upgrade California, a handout about Energy Upgrade California programs (repeating the above two messages), and if the customer is planning to purchase one of the above measures a list of local Energy Upgrade California contractors to contact.

A bona fide offer must include all required referrals, including referring homeowners to Energy Upgrade California.

Up selling and Co-payment Protocols

The main requirement for selling Co-pay measures is to make sure that the customer understands that in addition to the benefits of installing Co-pay measures:

- The additional savings from the offered product, if any, do not offset the full measure cost, and
- Any out-of-pocket co-payment amount will not be refunded beyond the manufacturer's and contractor's warranty in the case of measure failure.

As part of the Certification Agent's pre-approval telephone or on-site inspections, it will make sure that the:

- Customer gave permission to the Lead Contractor to discuss Co-pay measures,
- Certified Contractor explained that based on current rates these measures' savings are not sufficient to offset their entire cost, and
- Certified Contractor did not make any misleading claims about the Co-payment measure(s) to entice their purchase.

If Certified Contractors are unsure what will be construed as misleading, they should discuss this issue with the Certification Agent, who is responsible for making that determination. Manufacturers' claims of savings based on different assumptions of usage or different billing rates are likely to be considered misleading.

For example, Enhanced Landscaping will allow more customers to participate because the Landscaping will meet their aesthetic standards and it will likely enhance the value of their home. However, there are no immediate financial savings from Enhanced Landscaping. Customers who purchase refrigerators and more efficient clothes dryers will get a new appliance and additional features they may want and will save additional energy and water; however, based on current PG&E and Windsor water and energy rates, these savings are not enough to cover their full cost. Since refrigerators are an Owner's Choice measure, customers may remove them

upon relocation providing they pay off the surcharge balance. Finally, while clothes dryers do not offer any resource or bill savings, customers get to replace an appliance that will eventually need to be replaced anyway at a lower cost than the customer is likely to arrange on their own and with most of the assurances accompanying other program measures (e.g., bonding, extended warranties, insurance, etc.).

Program Forms and Database Requirements

For the smooth functioning of the pilot and to document whether it has been successful and can be replicated, there are a number of forms, agreements, and data sheets that Certified Contractors need to manage as part of their participation in the program.

The Lead Contractor is responsible for using tables and forms specified or approved by Certification Agent to determine which measures are eligible for the Windsor Efficiency PAYS[®] program based on the customer's reported usage. Regardless of whether the project was inspected or approved by the Certification Agent, the Lead Contractor will be solely responsible for errors, other than those caused by inaccurate customer inputs, that cause measures to become ineligible for the program after they've been installed. Additionally, the Lead Contractor will ensure that Basic measures are included in its measure evaluation and/or work plan for each home unless it provides Certification Agent with reasons why required measures could not be installed.

As noted earlier in this section, the Lead Contractor will generate a Customer Data Sheet for each customer contacted as part of this program. For some customers, the Data Sheet will include only a note about whether a customer allowed access. For others it will indicate access but that no bona fide offer could be made (e.g., there were no cost effective opportunities at the premises or the customer misrepresented that they were the decision maker for the home). For other customers, it will record information about measures replaced and the replacement equipment; the Customer Data Sheet will automatically compute energy and water savings.

Every installation must include the following forms and agreements in addition to the Customer Data Sheet:

- Completed and signed Purchase Agreement (Attachment J)
- Dry-Summer, Drought-Tolerant Landscaping Purchase Agreement (Attachment K), if the customer also purchases Landscaping,
- Owner Agreement for Tenant-Paid Measures, if the customer does not own the building (Attachment L),
- New Customer Disclosure Form to be delivered by the building owner to a prospective purchaser or renter of the property at the time of sale (Attachment M),

- Customer Input Form (Attachment N) and
- Customer Acknowledgement Form (Attachment O).

Lead Contractors making referrals to the Appliance Vendor or Landscaping Contractor should assist customers by calling these contractors while in the home to try to schedule their services. Bids from prospective Landscaping Contractors and Appliance Vendors who propose to facilitate referral scheduling through Google calendars or by having customer service staff available to handle calls will be given preference over proposals that do not address scheduling. Customers who purchase Co-payment appliances with surcharges (e.g., refrigerators and enhanced clothes washers) will need to sign an additional Purchase Agreement for those items.

With all the required program forms completed, Contractors should notify the Certification Agent to obtain approval for the proposed work. Prior to approving work, the Certification Agent will call or visit the customer (and building owner if different) to make sure measures are appropriate, the customer understands the offer, and the required forms have been completed. The Certification Agent will also check to make sure an effective referral to Energy Upgrade California has been made and the Lead Contractor made an effort to assist the customer in scheduling with other contractors as noted above. Failure to provide paperwork or incomplete or incorrect reports or forms or a failure to make required referrals will constitute a failed inspection and be subject to the failed inspection penalty.

Appliance and Landscaping Measure Qualification

Clothes washers are the only appliances available as a Basic Plus measure. Lead Contractors will determine which customers are eligible for a new efficient clothes washer based in part on the customer's report of how much the current appliance is used. To qualify for replacement, the existing machine must be a top-loading, non-ENERGY STAR clothes washer that is used to wash a minimum of five loads per week. When Lead Contractors identify customers eligible for a new clothes washer, the Contractors will be responsible for calling the Certified Appliance Vendor and scheduling an installation as soon as possible but no later than ten days from the date on the signed Purchase Agreement to facilitate payment and project close out. The Appliance Vendor will be responsible for explaining and selling efficient refrigerators, higher efficiency and more fully featured clothes washers, and matching dryers if the customer has indicated interest in Co-pay measures as noted on the Customer Data Sheet for that home. The Appliance Vendor should fill out separate Purchase Agreement for any additional measures and amend the Customer Data Sheet for that home if the customer purchased any Co-pay measures from the Appliance Vendor.

Lead Contractors are also responsible for marketing Landscaping to identified high summer-water users or customers they identify with over 1,000 square feet of well irrigated turf and for scheduling a meeting with the Landscaping Contractor if the customer is interested.

The Landscaping Contractor will be responsible for explaining benefits of the Standard Landscaping package and the process of enhancing the Standard Landscaping package if permitted to do so by the customer by indicating interest in Co-pay measures as noted on the Customer Data Sheet for that home. Landscaping Contractors may use testimonials. The Landscaping Contractor will be responsible for showing what Landscaping will look like (during the scheduling call, the Landscaping Contractor should invite the customer to go see a model of the Landscaping or even a digital mock up, if available, before visiting the home). Landscaping Contractors must discuss the difference in warranties between the Standard and Enhanced Landscaping packages and the life expectancy of the plantings they will install.

Qualifying Measures in Multi-family Buildings

While all of the steps discussed in this Program Design are applicable to measures in multi-family buildings, there are some special considerations peculiar to these facilities. First of all, if the tenants pay the utility bills and want to install measures, Certified Contractors will need to obtain the landlord's signed Owner Agreement for Tenant-Paid Measures (Attachment L) and make sure the owner understands the importance of the New Customer Disclosure Form (Attachment M). Failure to use this form to disclose the Windsor Efficiency PAYS[®] benefits and obligations and obtain signatures from customers renting or buying the premises allows renters and/or purchasers to cancel their lease or purchase agreement and opens the building owner up to lawsuits seeking consequential damages.

Secondly, since landlords will be unfamiliar with the PAYS[®] system, it is likely Lead Contractors will have to explain that landlords can use the program to enhance their housing units at tenants' expense and tenants will be pleased to pay for measures and receive the savings. Lead Contractors will document feedback received from multi-family building owners on the Customer Data Sheet for those units contacted.

Additionally, it is almost certain that separate Purchase Agreements for landlords will be required for Landscaping and measures installed in common areas or units in which the landlord pays the utility bills. Preliminary conversations with public multi-family building managers indicates some landlords will want to install program measures in units even when they pay for water and the customer pays for energy in order to both upgrade their building and enhance their tenants' ability to pay their rent. In other words, Lead Contractors need to be aware that this pilot's unique offer might elicit a different response than the ones they are used to from landlords and their tenants about installing resource efficiency measures.

Installation and Payment

With the possible exception of Landscaping (where the customer and the Landscaping Contractor agree that new landscaping cannot be installed during the summer or within ten days),

the entire job must be completed in order for the Certified Contractors and Suppliers to be paid because the water bill surcharge needs to start at one time. So if multiple Contractors are involved in work on a customer's home, it is in all of their interests to get work completed in a timely way.

Certified Contractors are responsible for the appropriate selection and installation of eligible resource efficient measures for each Owner as described in the Windsor Efficiency PAYS® Purchase Agreements (Attachments J and K) and for securing any permits required for their delivery and installation. All work must comply with all local, state, and federal codes; manufacturers' specifications; and accepted installation practices. All such work must use approved program products and Contractors will be paid approved program prices. A Contractor's obligation to complete work in accordance with manufacturers' specifications and all state, local, and federal codes is not waived or in any way reduced by customer's acceptance of work or successful inspection by Certification Agent. Contractor is solely responsible for its work and meeting its obligations.

Not all installations will be verified by the Certification Agent with on-site inspections. The Certified Contractor is solely responsible for installing the prescribed measures in accordance with its Agreement and this Program Design regardless of actions or lack of actions by the Certification Agent. If at any time during installation or during the period when the customer is making payments for measures, a Contractor's non-compliance is discovered, the Certified Contractor is responsible for correcting errors including assumption of any consequential damages. If an error may have prevented the customer from receiving savings, the Contractor will be responsible for reimbursement to the customer for surcharge payments likely to not have been offset by savings.

Certified Contractors are required to store removed products for one week to facilitate customer satisfaction if there are callbacks.

Failure to provide timely paperwork or complete and correct reports and forms will constitute a failed inspection and be subject to the failed inspection penalty. A checklist of items the Certification Agent will use during inspections to verify that the proper agreements and forms have been correctly filled out, referrals are made, and other program requirements are fulfilled appear as Attachment P, the Certification Agent Inspection Checklist.

Prior to payment, the Certified Contractor must obtain a signed Customer Work Acceptance Form (Attachment Q) unless the customer refuses to sign one. When work is completed by more than one Certified Contractor, each contractor must obtain a separate Customer Work Acceptance Form and submit it to the Certification Agent. While proper use of all forms will be reviewed at the Contractors Training (Section L below), Contractors are responsible for making sure every job has complete paperwork. Prior to payment, the Certification Agent will call the customer or inspect the worksite.

Work will be considered complete and approved for payment when the customer has indicated that the work is complete and acceptable by signing the Customer Work Acceptance Form, the Certification Agent receives any required Certificate of Inspection required by law, and, whether work is inspected by telephone or on-site by Certification Agent or its subcontractor, work passes such inspection. The Certification Agent will waive owner acceptance of the work as a requirement for payment if it otherwise deems work is complete and acceptable. In the event work is not carried out in full compliance with the Purchase Agreement and the requirements of this Program Design, the Certified Contractor will be required to make the necessary corrections as directed by Certification Agent and a penalty fee will be deducted from Contractor's invoice. Multiple failed inspections will result in multiple penalties being charged to a Contractor.

Once the Certification Agent is notified by the Contractor that work has been completed, it receives all required program forms, and its telephone or on-site inspection results in approval, the Certification Agent will seek funds from the Capital Provider and pay the Contractor its bid price for the completed work during its next payment period (payments will be made approximately every 15 days).

H. Certification Agent

The Certification Agent is the gatekeeper to all Windsor Efficiency PAYS® program activity and needs to be widely trusted by customers. Pilot participants need to know there is someone to whom they can turn if something goes wrong who has the power to and who will make things right. The Certification Agent is entrusted with the role of ensuring customers receive an offer that works.

Windsor utility staff needs the Certification Agent to invite and field all customer inquiries in a timely manner and resolve issues so that Windsor is not burdened by customer questions or complaints about the pilot. And, the Certified Contractors need to know that they will be treated professionally and fairly, and in a timely manner.

Staffing

Two staff people (i.e., two full time equivalents [FTE]) should be able to handle all Certification Agent responsibilities during the pilot. EEI estimates that one FTE field person backed up with one FTE office support person can handle oversight of work on up to 3,000 homes per year. This pilot will be limited to 2,000 homes. EEI estimates the field person will be easily able to inspect more than the required 300 residences a year and between them the two staff should be able to supplement on-site visits with both pre-work authorization and post-installation telephone contacts to all participants (i.e., at least 4,000 calls), and any calls to Contractors, Suppliers, or other Windsor customers.

At a minimum, the Certification Agent must also provide on-site, pre-Purchase Agreement approval inspections for at least 5 percent of all participants (up to 100) and on-site, post-installation inspections for at least 10 percent of all participants (up to 200). The Certification Agent should set up its own internal tracking system for pre- and post-installation inspections to ensure the two required minimum percentages are met regardless of demand and that any Certification Agent staff concerns about a Certified Contractor's work are either verified or ameliorated by successful inspections.

For this small pilot, the benefit of being able to use multiple existing staff part time is similar to the benefit of having more Certified Contractors as noted above in Section G. The Certification Agent will be able to continue providing required services to meet market demand even if something happens that prevents one or even two key staff from fulfilling their responsibilities. Additionally, since this is the first California pilot program using the Pay As You Save[®] system and an offer that works, there is no assurance that this pilot will be successful and continued. Using existing staff to handle program responsibilities will mitigate the risk of hiring staff just for this program and then having to let trained staff go if this program is not expanded and replicated elsewhere.

Only staff certified by RCPA or the Certification Agent may perform program functions. The Certification Agent will arrange to have any of its staff that may be working in the Windsor Efficiency PAYS[®] pilot attend the initial RCPA training session currently planned for February 2012. The Certification Agent will train and certify any of its staff hired subsequent to RCPA training.

Selection and Reimbursement

The Certification Agent will be selected using an RFP process. The bidder with the best proposal will sign the Utility/Certification Agent/Capital Provider Agreement, Attachment R. At that time, the Certification Agent will provide Certificates of Insurance that meet the Town of Windsor's Standard Services insurance requirements.

A number of qualified organizations have written letters to RCPA expressing interest in serving as the pilot's Certification Agent. They include Bevilacqua Knight, Inc., Sonoma County General Services Department, Climate Protection Campaign, and Solar Sonoma County. RCPA issued an RFP on December 1, 2011 (i.e., assuming a March 1, 2012, start date) to select the pilot's Certification Agent.

Prospective Certification Agents must be able to convince the selection team that they have studied this Program Design, have grasped the essential qualities of a program based on the PAYS[®] system, and can ensure its staff will respond appropriately and in a timely manner to ensure this pilot fulfills the promises of this system. If all other qualifications are equal, EEI will

recommend selection of a Certification Agent able to and interested in replicating this program throughout California. Final selection will be made by Windsor and RCPA.

The Certification Agent will also be selected based on its bid price to fulfill all Certification Agent roles. Bids for \$100 or less per completed job with no minimum number of participants are most likely to be considered viable. Preliminary analysis indicates that this pilot can be operated and Basic and Basic Plus measures installed cost effectively at that cost or less for certification.

The Certification Agent will be paid for all required activities as described in this Program Design based on the number of jobs completed. Certification Agent payment will be made at the same time Certified Contractors and measure Suppliers are paid. A project with a Lead Contractor to install Basic measures, an Appliance Vendor to install appliances, and a Landscaping Contractor to install a Standard Landscaping package will be considered one job even if three Purchase Agreements are required and if Landscaping cannot be installed within ten days of referral and two final inspections are required.

Participants will pay for Certification Agent's bid fees through program fees charged to participants based on the types and number of measures installed in any home (see the list of fees in "Pre-Work Authorization Calls and Inspections" below). At the start of the program, the maximum program fee for a participating customer will be \$150. The Certification Agent will report to Windsor every three months, or more frequently if warranted, and if and when the Certification Agent notices the fee structure is not providing sufficient funds to cover its payments or there is a surplus of program fees. If there are insufficient or excessive fees, the fee structure will be re-evaluated. Windsor can authorize a fee increase, an increase in the maximum per-participant fee, or new fees for Co-pay measures. While the Certification Agent will be in charge of monitoring receipt of sufficient fee revenue to pay itself its bid amount, Windsor's commitment is to ensure there will be sufficient revenue for the Certification Agent to be paid its bid fee.

Additionally the Certification Agent will be paid for overseeing post-warranty or non-warranty repairs based on its bid price for this work. Post-warranty repair refers to repairs required when the warranty does not extend to the full term of the surcharges. EEI expects that Windsor Efficiency PAYS[®] will not require a Certification Agent after three or four years. Therefore, it is unlikely the Certification Agent will be required to oversee post-warranty repairs because of the length of warranties (i.e., five years). Non-warranty repairs are repairs not covered by the warranty, for example, those necessitated by customer- or owner-caused damage, lack of maintenance, or an act of God.

Services Provided

Windsor customers who purchase Windsor Efficiency PAYS[®] measures must be confident that the installed measures will provide positive cash flow throughout the payment term. Installing only high quality proven products selected by RFP with independent measure savings estimate verification is crucial to creating consumer confidence. Additionally, customers need to know that products meet standards for operability, safety, and efficiency; are appropriate for the customer's application; and are properly installed. Certification also assures Windsor of a reliable payment stream from installed measures for enough years to recover all costs and justify any required rebates.

The Certification Agent will provide Windsor and its customers with the following services:

- Handling all customer and contractor inquiries about the pilot program. Certification Agent will be expected to have a thorough understanding of the Program Design and its Attachments to ensure it provides accurate information.
- Certifying (and if necessary, de-certifying) Contractors and Suppliers, including arranging for them to sign Contractor and Manufacturer/Distributor Agreements, which may entail verifying Windsor's approval of insurance coverage, ensuring Contractors have bonding that protects owners/customers for the duration of payments, and training contractors and suppliers to adhere to program standards.¹⁹
- Helping RCPA sort lists by neighborhood before assigning customers to Lead and Landscaping Contractors if there are multiple contractors for recommended measures and Windsor cannot generate lists sorted by neighborhood. Although Lead Contractors will be the first to enter customers' homes and Landscaping Contractors will only contact customers who have indicated to a Lead Contractor that they want to be contacted about Landscaping, the Certification Agent will assign customers to Landscaping Contractors to promote fairness. This means that Lead Contractors will know which Landscaping Contractor will get the referral for each interested customer.
- Handling calls from customers who want to opt out, or who opted out of the pilot and now want to participate, and referring them, or their contact information, to their assigned Certified Contractors.
- Verifying either by telephone or selected on-site pre-inspections (or both) that Certified Contractors' savings calculation inputs accurately reflect resource usage in the home, that measures are appropriate for the home, that no unapproved claims have been made, that Contractors abide by up-selling limitations, and that installation will result in net savings for the occupant. Attachment H, the Windsor Efficiency PAYS[®] Customer Data Sheet, not only provides all key program data for ongoing evaluation, but will automatically

¹⁹ RCPA, with the assistance of EEI, will select, certify, and train the initial Certified Contractors and Suppliers. All training materials will be made available to the Certification Agent so it can replicate the training programs as necessary.

calculate surcharges for Contractors and the Certification Agent. The Certification Agent must check to ensure participants are charged the correct Program Fee amount. During selection of Certified Contractors and the Certification Agent, program managers should investigate if iPad or other 3G-enabled devices can be used to forward electronic copies the Customer Data Sheet and Purchase Agreement to the Certification Agent prior to the work authorization call.

- Assuring that program limits on participation (i.e., 2,000 customers) and capital funding (i.e., \$4,000,000 to \$5,000,000 depending on Capital Provider selected) are not exceeded by setting up and maintaining its own tracking systems for the number of customers and the amount of money drawn down from the Capital Provider.
- Verifying appropriate measure installation by telephone or on-site, post-installation inspection. All participants will receive telephone inspections. As noted above, on-site inspections will be budgeted for at least 10 percent of participants. There is no maximum number of inspections the Certification Agent can perform as long as it does not charge more than its bid price for its services. Contractors whose performance necessitates additional on-site inspections will pay for unbudgeted inspections.²⁰ Attachment P, the Certification Agent Inspection Checklist, details the items the Certification Agent will check on during each call.
- Identifying, training, and scheduling one or more independent inspectors to fulfill penalty inspections. These independent inspectors must provide insurance that meets the Town of Windsor's requirements for Standard Services.
- Helping resolve disputes with Certified Contractors and Suppliers and obtaining relief. The Certification Agent should refer to notes about complaints, disputes, praise, or comments and any responses recorded in each customer's file with duplicates filed in central files.
- Making disbursements to Certified Contractors and Suppliers for measure installation and repairs and notifying Windsor to initiate surcharges (including the amount and type of charges).
- Ensuring that manufacturers make good on their warranties and Contractors (or their bonding agent) make good on their contracts, including paying penalties for failed inspections if warranted. While it is unlikely that measures will fail during the first year or two of the pilot, Certification Agent will receive all measure failure reports and warranty calls, and document each using the Measure Failure Report Form, Attachment S. Copies of completed forms will be placed in each customer's file with duplicates sent

²⁰ The Certification Agent will arrange for additional inspections from a pool of individuals not affiliated with the Certification Agent interested in working as a subcontractor on an as-needed basis and who have been trained in program protocols. The cost for these inspections will be covered by penalty fees charged to the Certified Contractor whose performance created the need for these additional inspections. Multiple inspections of the same job because of failed inspections will result in multiple penalty fees. Windsor must provide prior approval of the amount to be charged for penalty fees for failed inspections.

to Windsor to place in customers' files with a copy filed in a central file containing all reports of measure failure.

- Notifying Windsor when to stop surcharges if measures fail and cannot be repaired.
- Assisting RCPA to complete quarterly Better Building Program/American Recovery and Reinvestment Act of 2009 reports. Required information should be readily available from Customer Data Sheet reports.

Pre-Work Authorization Calls and Inspections

Before approving an installation at a customer's home, the Certification Agent will talk to the customer who signed the Purchase Agreement. The Certified Contractor will arrange the call and quickly explain the number of each measure to be installed or, if technically possible, the Contractor will use a Web-based Customer Data Sheet and/or use Dropbox or email to send the Certification Agent copies of the Customer Data Sheet, Purchase Agreement, and other relevant forms (e.g. Customer Acknowledgement and Input forms, Owner Agreement for Tenant Paid Measures, etc.). Either in place of this call or in response to concerns raised during this call, the Certification Agent may initiate one of its 5 percent (i.e., at least 100) on-site pre-approval inspections. Attachment P details the items the Certification Agent will check during each inspection or call, including the following:

- All paperwork is in order. The Purchase Agreement and initial Customer Input and Customer Acknowledgment Forms are complete, filled in correctly, and signed. Some customers may require more than one Purchase Agreement. For example, if the Appliance Vendor sells a customer a Co-payment refrigerator or enhanced Co-payment clothes washer, or if a Landscaping Contractor sells a customer a Standard or Enhanced Landscaping package, a new Purchase Agreement will be required.
- The customer is being charged the correct Program Fee. Fees are calculated as follows: \$50 for each of the first two toilets installed in a home, \$100 for a clothes washer, \$25 for showerhead and aerator packages installed when no toilet or clothes washer is installed. No customer should be charged less than \$50 or more than \$150 in Program Fees.
- The customer understands that the Purchase Agreement and other agreements signed by the Certified Contractor create a relationship between the Contractor, the customer, the Town of Windsor, and the Certification Agent. The Certification Agent will act as Windsor's program operator and the customers' agent for the installation of program-eligible measures by verifying by telephone or on-site inspections that the resource-efficiency measures proposed for installation are suitable for the customer's end uses and are estimated to result in sufficient savings in water and/or energy usage to qualify for the pilot.
- The individual who signed the Purchase Agreement is authorized to do so. The Certification Agent must verify the signer is the Windsor utility customer of record (or

that person has authorized another in writing), the homeowner (or the customer provides the Contractor or Certification Agent with the name of the landlord so the customer or contractor obtains a signed Owner Agreement for Tenant-Paid Measures [Attachment L]), and is authorized to sign the Purchase Agreement for that location. The Certification Agent will ensure the signer understands that misrepresenting this information makes that person liable for the total cost of measures as well as other consequences.

- The customer understands that for as long as they reside at that location and the measures continue to function, they will pay a water bill surcharge until the cost of installed measures, interest, and a program fee has been paid in full. Failure to pay the surcharge, the same as failure to pay any utility bill, is grounds for disconnection of water service.
- The homeowner (if the participant is a tenant, this will require a second call to the building owner) knows he/she is obligated to disclose the rights and responsibilities of participating in the Windsor Efficiency PAYS® pilot to successor owners or occupants before they purchase or rent the property.
- The usage information the customer provided to the Lead Contractor was used to qualify measure installation. If the usage estimates are low, customers' savings will be greater. However, if their usage estimates were much higher than actual use, their savings will not cover their surcharge. Additionally, the Certification Agent will ensure the usage estimates used to qualify installed measures appear reasonable or, if not, that their justification makes sense.
- The customer understands and signed the initial Customer Input and Customer Acknowledgement forms.
- That the customer understands that up to half of his/her savings are going to be realized on their PG&E bill — so that while their water savings may not exceed the surcharge, their combined PG&E and Windsor utility bill savings are estimated to significantly exceed the surcharge.
- The customer understands, as described in Section C, the difference between Basic, Basic Plus, and Co-pay measures and between measures that are classified as *Permanent* (i.e., measures that must be left in the home when the occupant leaves the premises if surcharges for those measures are still in effect), *Portable* (i.e., measures for which any remaining surcharges at the time the occupant leaves must be paid), or *Owner's Choice* (i.e., measures treated as permanent measures unless the participant wants to remove them from the premises when they relocate and for which they have received approval from the Town of Windsor before they leave, paid off all remaining surcharges, and repaid Windsor for any rebate used to qualify the measure for this pilot program).
- The benefits to participation including getting savings that produce immediate positive cash flow with no new debt for the customer, a risk-free transaction, helping to protect the environment and the water supply, and being part of the county and statewide Energy Upgrade California program to save energy, save money, and live comfortably.

- The customer received the opportunity to call and speak with other Certified Contractors about installing additional measures in their home and scheduling this work, and has contact information for all Certified Contractors and the Certification Agent in case questions or problems arise.
- The customer was offered the opportunity to receive information on Co-pay measures and the customer's decision was respected by Certified Contractors as evidenced by them discussing or not discussing Co-pay measures as the customer desired.
- The customer understands that the financial assurances applying to Basic and Basic Plus measures do not apply to the upfront co-payment amount the customer has agreed to pay for Co-pay measures.
- The customer has the Certification Agent's contact information and understands the Certification Agent is his/her representative whose job is to ensure the measures to be installed are appropriate, estimated to produce savings in excess of their cost, are installed correctly, and that measures continue to function. The Certification Agent will urge customers to contact him/her in the event of any questions or problems.

Installation and Post Installation

The Certification Agent will handle all customer and/or Certified Contractor questions or issues during the installation process. Upon receipt of program forms including the Purchase Agreement, the Certification Agent will call customers or Contractors to resolve discrepancies or concerns.

Certified Contractors who install measures will notify the Certification Agent upon completion of the work in order to start the invoicing process. The Certification Agent will ensure all work is completed (e.g., the Appliance Vendor has completed its installation(s) and the Landscaping Contractor has finished its installation or agreed with the customer to delay installation until non-summer months). Before approving payment for any installations, the Certification Agent will talk to the customer either by phone or as part of one of the 10 percent post-installation inspections required in its Utility/Certification Agent/Capital Provider Agreement (Attachment R). The Certification Agent will verify that:

- The customer signed the Customer Work Acceptance Form (Attachment Q) and states there are no problems with the installation(s). A Customer Work Acceptance Form must be completed for each contractor who worked at the home. If the customer refused to sign this form, the Certification Agent will determine the reasons why the customer refused to do so. Prior to payment and in a timely manner, the Certification Agent must resolve any disagreement. The Certification Agent may use one of its 10 percent mandatory post-installation inspections, the requirement for the customer and Certified Contractor to attend a conciliation meeting as per their Agreements, or any means necessary to

determine if the customer has a valid complaint that requires withholding Contractor payment. A customer need not sign a Customer Work Acceptance Form for a Contractor to be paid, providing the Certification Agent has verified the Contractor has installed the correct measures properly and adhered to all its contractual responsibilities. If the customer's objections to the work are validated by the Certification Agent by inspection, the Certification Agent will fail the Contractor's work, insist the erring Contractor correct any deficiencies (if necessary using the Contractor's bonding or drawing on its irrevocable letter of credit to hire another contractor to correct deficiencies), deduct the penalty fee for each failed inspection from any Contractor payment (or from the bonding or irrevocable letter of credit), arrange for an independent third-party inspector to inspect one or two other projects completed by this Contractor, and if the Contractor is recalcitrant, de-certify the Contractor (even if it leaves the program with no Certified Contractor). Contractors may call for dispute resolution per its Agreement with the Certification Agent prior to these consequences being imposed for its actions.

- The right measures were installed correctly and the worksite was left vacuum clean and all packaging and materials were removed from the site. The Certification Agent may ask the customer to read identifying information from the appliances or the measures themselves or from warranty information.
- Measures installed by other contractors (e.g., Appliance or Landscaping Contractors) have been installed and accepted by the customer so the entire package is complete before the surcharge is added to customer's bill. Landscaping projects may be deferred if agreed upon by the Certified Landscaping Contractor and the customer. The Certification Agent will repeat its post-installation inspection once this work is done before notifying Windsor to add the surcharge to recover Landscaping costs.
- The customer has used all measures and they function.
- The customer received all warranty materials and usage and maintenance instructions.
- Phone number stickers or magnets were on appliances identifying who customers should call in the event of problems (including the Town of Windsor if the customer is not satisfied with resolution).
- Customers received and understood a referral to Energy Upgrade California programs as noted in Section M. At a minimum customers should have been given the "30-second" description of Energy Upgrade California programs, an explanation that if they are planning on purchasing a new heating/ventilation/air conditioning (HVAC) system, water heater, or solar system, they can access significant rebate and consumer protection resources through Energy Upgrade California, a handout about Energy Upgrade California programs (repeating the above two messages), and if the customer is planning to purchase one of the above measures a list of local Energy Upgrade California contractors to contact.

Only after all these checks reveal no problems will the Certification Agent authorize payments to Contractors, Suppliers, the Town of Windsor²¹, and itself during the next payment period (approximately every 15 days). The Certification Agent will draw down funds from the Capital Provider up to three days prior to making those payments, and upon payment, notify Windsor to start the surcharge at that location. The Certification Agent will supply Windsor with the electronic Customer Data Sheet for that location. Additionally, at the close of each month, or upon request by Windsor or RCPA, the Certification Agent will send Windsor original copies of each customer's file and a summary Data Sheet for that month's activity.

I. Charges and Bi-Monthly Charge Challenges

Surcharge Duration

The duration of water-bill surcharges will vary with different measures to make as many technologies as possible qualify for the Windsor Efficiency PAYS[®] surcharge. Some measures require short payment terms because of their limited lifespan in order to ensure that payment obligations do not exceed the useful life of the measures. For CFL replacements to be a Basic Plus measure and for on-demand hot water recirculation pumps and refrigerators to be Co-pay measures, 5-year terms (i.e., the length of their warranties) will be required. Other measures require longer payment terms to qualify. The longer the payment term, the higher the simple payback can be for a measure to qualify. Basic and Basic Plus measures require a 10-year payment term and Landscaping requires a 15-year payment term. The benefit of longer payment terms is that they are likely to ensure that Windsor receives its savings from installations for a longer period of time. Measure payment terms are as follows:

- CFL payments will be spread over 5 years (CFLs will be a portable measure).
- On-demand hot water recirculation pump payments will be spread over 5 years. However, this will be a permanent measure.
- Refrigerator payments will also be spread over 5 years. This will be an Owner's Choice measure.
- Basic and Basic Plus measures' payments will be spread over 10 years. If customers purchase an enhanced Co-payment clothes washer, it will be treated as an Owner's Choice measure left with the home until all payments have been made unless the customer chooses to take it and meets all of the program requirements. The customer's co-payment will be understood to be payment for the additional savings and additional convenience it offers.
- Landscaping payments will be billed only during summer months for a period of 15

²¹ Payment for the difference between measure charges and actual measure costs as described in Section K and, at three month intervals, for the amount that the average collected program fees have exceeded \$100 as described earlier in this section in "Pre-Work Authorization Calls and Inspections."

years.

- SWH, if included as a program measure, will require an upfront co-payment and surcharges will be spread over 12 years.

Billing Changes

EI has recommended to the Town of Windsor's utility that it move to water and sewer bills that are based on single gallon units rather than 1,000 gallon units, and that they reduce sewer bills for participants at the time program charges are added to customers' bills based on conservative water savings estimates. The Sewer Cost Reduction Calculator (Attachment T — Reserved) can be used to estimate the reduction in waste water volume used to calculate sewer bills.

The current Windsor billing process results in fluctuations in bills that is almost certain to leave program participants with insufficient savings in some billing periods to cover the surcharge amount (i.e., customers would not save more than they pay). While it is true that over time, most customers are charged for their usage and therefore will receive all promised savings, billing in increments of 1,000 gallons means that saving or using a single gallon of water could place a customer in the next higher or lower billing tier just as if they had used 999 gallons more or less.

Additionally, the current fixed sewer charge for all customers in the Town of Windsor who generate or whose water savings will put them at less than 3,000 gallons in waste water volume ensures that all customers who reduce their usage below the 3,000 gallon threshold will receive no savings for any gallons saved below this threshold.

Finally, the incentive in the PAYS[®] system is that there will be sufficient savings to offset costs and provide customers with net savings. If sewer rates are not adjusted, in some cases below the 3,000 gallon threshold, most customers will not realize any sewer savings for up to a year; meaning they will pay but not save. The utility, RCPA, and the marketing specialist will need to decide whether to change the language about an offer that works if the Town of Windsor chooses not to make these recommended changes or cannot do so by the start of the pilot.

EI recommends that the utility combine payment obligations with different durations into a single charge on customers' bills. However, to implement the program as recommended in this Program Design, Windsor will need to make some billing system adjustments.

First, if CFLs and refrigerators are program measures, because of the relatively short CFL measure life the utility will have to track a separate, portable/short-term charge. Customers billed surcharges for CFLs and refrigerators, both portable measures, who leave their location and move outside of Windsor before all surcharges have been paid, will have to pay off any remaining balance and take their CFLs and refrigerator with them when they leave. While

utilities in Vermont, Texas, Massachusetts, and Ohio have done this without problems, tracking and settling up charges does need to be done.

Secondly, Landscaping will require a charge billed only during peak and swing irrigation months. Since there will be little or no savings from November through April, if possible, there should be no charges during these months.

Additionally, Landscaping will likely require a 15-year payment duration. If SWH systems are a pilot program measure, they will likely require a 12-year payment term. As noted above, on-demand hot water recirculation pumps require a 5-year term. So there will be several multiple payment durations to track. Many measures will require customers to properly maintain them. If customers do not honor their agreements to maintain installed measures, they will need to be charged the balance of payments as well as reimburse the utility for any rebates paid to qualify their system and program fees (including interest on these amounts).

J. Rebates

At this time, the Town of Windsor has asked EEI to design the pilot to reduce or eliminate existing rebates as long as measures are sufficiently cost effective to qualify for the Windsor Efficiency PAYS[®] surcharge and the pilot overcomes barriers to purchasing measures without using rebates. Windsor's budget for rebates is limited and would not be sufficient to meet the demand projected for this pilot for toilets, clothes washers, and landscaping.

Rebates will be necessary to qualify Landscaping. They will also be necessary to qualify clothes washers when the customer is not eligible for a high efficiency showerhead, especially if PG&E does not pay Windsor its \$50 rebates assigned to it by Windsor Efficiency PAYS[®] participants (e.g., if PG&E eliminates rebates after clothes washers are installed). If a customer wants to replace only a toilet (without a showerhead), it will be cost effective only for customers who have less efficient toilets that use 3.3 gallons per flush or more. Attachment A specifies the rebates required to qualify specific measure packages based on EEI estimates. Once responses to Contractor and Measure Supplier RFPs are returned as described in Section G above, EEI's associate, Resource Performance Partners will revise Attachment A showing rebates that will make various measure packages cost effective enough to qualify for the surcharge.

Any rebates used for this pilot will be drawn down by the Certification Agent at the same time funds are drawn from the Capital Provider to pay for completed and approved jobs. The Customer Data Sheet for each customer will document the need for most rebates. Rebates for clothes washers will only be necessary if and when Windsor does not receive assigned rebate checks from PG&E and will not be paid the advanced \$50 it will make available to the Certification Agent for those installations not accompanied by a showerhead or sufficient aerators.

EEI has recommended these rebates reflect the portion of the avoided costs their installation will save the utility (based on each gallon of peak-day demand saved). The Town of Windsor has adopted connection fees that ensure new customers pay the incremental cost for developing the water supply they will need. This pilot program will, in essence, generate water to meet additional utility load at a lower cost than traditional new supply. If successful and expanded to all customers, it could meet a significant percentage of Windsor's supply requirements. EEI recommends funds from connection fees be used to cover any utility costs associated with this pilot, including bad debt exceeding SCWA's security fund (if any), rebates to qualify Landscaping or other desired water saving measures, and any short-term fiscal impacts from revenue erosion from water savings. Additionally, presuming the pilot performs well, the utility should consider amending local building codes to require that any toilets or clothes washers installed in new homes meet the standards used for this pilot program and to limit the amount of new turf that can be installed so that this program is not needed to retrofit new homes.

Basic and fully featured clothes washers and SWH systems, if they are included as a measure, will require at least the current PG&E rebate amount from customers' gas or electric utility. EEI has made efforts to coordinate its program design efforts with PG&E, but as of this date our efforts have not been successful. Therefore, there is no assurance participants will be able to claim clothes washer and/or SWH system rebates.

K. Bad Debt

Bad debt can result from missed customer payments, measure failure without possibility of repair (causing Windsor surcharges to be stopped before all installation costs can be recovered), and extended vacancy at a location. To date, all programs based on the PAYS[®] system have experienced minimal program-associated bad debt (i.e., less than \$100 bad debt has been reported for the more than \$11 million of measures installed using this system). To ensure similar minimal bad debt for this pilot, Windsor is urged to follow its normal collection protocols including disconnection for non-payment and referral of any customers not paying bills to credit and collection agencies.

As a practical matter, it is unlikely that any customer will withhold payment of the surcharge separate from the rest of their bill. Most likely, customers will make a partial payment of their water bill that includes the surcharge. Any partial payments from customers will be booked first to charges other than the surcharge. Windsor Efficiency PAYS[®] bad debt will be defined as the total amount of the surcharge due less the amount of payment credited from partial payments.

In order to simplify Lead Contractors pricing measures and explaining measure costs, average prices have been computed for measures in such a way to ensure Windsor customers are charged less than other customers can buy similar products but also ensuring Windsor is not left owing Suppliers more than customers will be charged. When the Certification Agent pays Certified Contractors and Suppliers for products at the completion of every job, it will use the Customer Data Sheet to calculate any surplus and make a payment to Windsor for this amount. Windsor

will place these funds in a Windsor Efficiency PAYS® reserve fund. This account should be the first resource to cover bad debt caused by participants failing to make required surcharge payments or because of measure failure. However, this fund is likely to be very small.

Inasmuch as the Town of Windsor's decision to participate in this pilot benefits not only the State of California but also all of the SCWA's other water retailers, SCWA will establish a security fund up to \$250,000 for this pilot.²² Documented bad debt, after all normal utility collection efforts have failed and Windsor's own bad debt account has been exhausted, of up to \$250,000 will be made up by SCWA. Windsor will exhaust its customary collection efforts and use of program reserve funds before seeking reimbursement for bad debt from SCWA. SCWA will establish a special purpose fund with restricted use for this project and SCWA and Windsor will sign an agreement that will allow these funds to be used after all Town of Windsor collection procedures have been unsuccessful. Additionally, if Windsor is able to collect additional payments from locations at which payments were missed (i.e., because measures continued to function and payment terms were extended), Windsor will reimburse SCWA for any Windsor bad debt charges covered by this special purpose fund.

Bad debt in excess of \$250,000, if any, will be the responsibility of Windsor (i.e., its customers). Some bad debt charged to all customers may be recovered eventually by extending the payment term if the measure is still functioning.

L. Training [Reserved Pending Approval of Design]

EEl's detailed Program Design is intended to ensure that the implementing utility and the program team make all policy decisions in advance rather than have program staff or contractors in the field, whose goals may or may not be in alignment with the pilot, make decisions that effectively establish policy. Effective training programs developed during the design phase for everyone involved in delivering pilot services are essential for an effective pilot program. All key players must know and understand the protocols they are supposed to follow and that their contracts require them to follow. However, EEI plans to reserve work on Section L of the Program Design until after the parties have agreed upon most if not all key Program Design issues. Therefore, at this time, EEI anticipates completing Section L in its third draft.

EEl will develop training agendas for Certification Agent staff, Certified Contractors, and the Town of Windsor's customer service (or the individuals who may respond to customer enquiries) and billing staff to ensure that protocols will be followed and to allow these individuals to propose and help develop better responses to typical questions and customer issues. All training sessions will also help key program partners to develop effective and consistent approaches for explaining:

²² SCWA's offer is contingent on it being allowed to claim carbon credits associated with this program with the exception of carbon credits for SWH systems.

- An offer that works and eligible measures;
- Why the utility is implementing this new approach;
- Why customers should accept the new offer; and
- Customer rights and responsibilities if they accept program measures.

EEI has agreed to lead these training programs or assist in their delivery. If the March start-up date is to be met, training programs must be implemented in February 2012. If a later start date is selected, the date for training programs should be adjusted accordingly.

EEI will make its training agendas and materials available to the Certification Agent so it can replicate any training program as noted in Section H if required.

M. Referral to Energy Upgrade California, Energy Independence Program & Other Programs

Certified Contractors will be trained about other program opportunities that might be appropriate for customers or that might enable participants to supplement their installation of Basic, Basic Plus, and Co-pay measures. Contractors will be required by their Agreements to make referrals to Energy Upgrade California and U.S. Department of Energy (DOE) funded income-qualified weatherization programs to all customers who own their homes and who purchase measures from them. The Certification Agent will verify referrals have been made and ensure that all Windsor Efficiency PAYS[®] participants receive referrals.

As noted in the MEO plan in Section D, this pilot's marketing will help establish the link between this federally funded Better Buildings Program and Energy Upgrade California. The following process will then ensure effective referrals.

- **Certified Contractor Referrals:** Certified Contractors who get Windsor customers who own their homes to sign a Purchase Agreement will be contractually required to make referrals to Energy Upgrade California. All Windsor Efficiency PAYS[®] participants who own their homes must receive a brief explanation of Energy Upgrade California and receive a handout summarizing this information and a specific example of an energy upgrade project illustrating how Energy Upgrade California can help homeowners. Contractors must also ask participants who own their home if they are planning an energy-related home improvement such as replacing their heating/ventilating/air conditioning unit or installing a solar system on their home. Customers who are planning these major improvements should be told that they would be wise to visit the Energy Upgrade California Website and contact one of the local Energy Upgrade California contractors. These customers will also receive videos explaining the Energy Upgrade California program, flyers for local events, and lists of local Energy Upgrade California contractors. Contractors must submit Customer Data Sheets documenting which level of referrals each customer received.

- **Certification Agent Verification and Referral Assurance:** The Certification Agent will call or visit each Windsor Efficiency PAYS® participant prior to approving work for payment. The Certification Agent's contract will require it to check that each participant reports that they received the referral noted in the Customer Data Sheet. Lead Contractors are subject to penalty fees and de-certification for failure to make referrals. However, if a participant reports not receiving a referral, the Certification Agent will make the referral and ensure the customer receives the correct materials (by email or U.S. mail).
- **Tracking Referrals:** All Windsor Efficiency PAYS® participants agree to participate in a pilot evaluation process as part of signing a Purchase Agreement. The local Sonoma County Energy Independence Program (SCEIP), an Energy Upgrade California partner, will check a list of pilot customers against SCEIP participants to identify customers or addresses that have used both programs. However, some Energy Upgrade California participants do not use SCEIP. Therefore, Participating Contractors on the Energy Upgrade California list given to Windsor Efficiency PAYS® participants will be asked to perform a similar verification of joint participation or to provide a list of their Windsor-based Energy Upgrade California customers to the Sonoma Regional Climate Protection Authority so it can make the check. This second contractor check will not be necessary if PG&E agrees to check if Windsor Efficiency PAYS® participants have subsequently participated in the Energy Upgrade California whole-house incentive program. However, as noted earlier, contact with PG&E managers who could make these assurances has not occurred. These two checks will assure it is possible to track the referral process and how many customers participated in both the Better Building and Energy Upgrade California programs.

N. Evaluation

All programs should receive two types of evaluation. *Process evaluation* is required to identify program process refinements and make the program better for potential participants, contractors, and key staff. *Impact evaluation*, if possible by a party without an interest in the results, is required to determine the results of a pilot. EEI recommends evaluation as follows:

Process Evaluation

Process evaluation should occur four months after pilot start-up. Typically process evaluation is an internal review; however, the pilot program will use the Evaluation, Monitoring, and Verification services provided under the *Retrofit California* Better Buildings Program (BBP) grant that provides an independent third-party EM&V vendor. In partnership with the BBP Evaluation, Monitoring, and Verification program, EEI, RCPA, Windsor, and any other interested parties will participate in stakeholder interviews, database analysis, and possibly focus group activities. If the outside evaluator is limited to multiple choice surveys or is unable to provide a process evaluation within four months of program startup, EEI has pledged its assistance in developing a focus group script and survey instruments for others to use that will

allow RCPA, the Town of Windsor, and the Certification Agent to provide for a timely process evaluation that allows for maximum participant input.

At a minimum the process evaluation should include:

- A survey of impacted utility staff, Certification Agent staff, Certified Contractors, and community leaders (community leaders including members of key green organizations, politicians); and
- A focus group of customers who chose to participate and those who did not.

If program goals are not being met (i.e., pilot on track for 2,000 customers accepting offers and 20 percent of bona fide offers accepted), the process evaluation should attempt to identify the reasons why not. Surveys and focus groups should be structured to answer the following questions:

- Does the program overcome the key market barriers to customer installation of efficiency measures?
- Do more customers accept installation of targeted measures?
- What worked well and what could be improved?
- What comments, if any, have been received from pilot participants?
- What would make customers accept more and/or bigger offers?
- Were there adequate sources of capital for efficiency measures?
- Can the utility document that all Capital Providers were paid on time?
- What improvements should be made to the pilot delivery structure?

If the pilot is continued for another year, Windsor and/or RCPA should arrange for a second process evaluation to confirm the results of the first one and to see if program changes have produced their desired impacts. Additionally, at the end of the first year, it may be possible to begin to answer these other questions:

- What, if any, utility bad debt was associated with the surcharge?
- Has any customer been disconnected because of pilot related bad debt?

Impact Evaluation

Programs based on the PAYS® system require the Certification Agent to review and approve every project. The recommended Customer Data Sheets will facilitate evaluation at any time throughout the program and facilitate impact evaluation.

This pilot, if successful, should transform resource efficiency program design. According to experts at Lawrence Berkeley National Laboratory (LBNL), no utility program has achieved this pilot's penetration and offer acceptance rate goals. If by September 2012 it is clear this pilot may be successful, RCPA and the Windsor Efficiency PAYS® team with assistance from LBNL should seek grant funds to hire a credible evaluator to perform an impact evaluation as described below.

The impact evaluation should report the:

- Number of customers granting access
- Number of customers receiving bona fide offers
- Number of customers accepting bona fide offers to install measures
- Number and type of measures installed
- Estimated savings from installed measures
 1. Annual water savings
 2. Annual gas and electric savings
 3. Embedded peak energy savings from Landscaping and other water-saving measures
- Total cost of installed measures financed by surcharge, including program fees
- Percentage of each measure installed per home
- Percentage of each eligible measure installed per home (i.e., this percentage will enable the program team to evaluate the impact of measure eligibility criteria)
- Total cost of measures installed (includes rebates and up-front customer co-payments)

NOTE: All of the information above will be available from Customer Data Sheets

- Total yearly payments (assuming a full year regardless of when payments started)
 1. Total amount of winter payments (assuming a full year)
 2. Total amount of summer payments (assuming a full year)
- Total number and amount of rebates to qualify each measure
- Total number and amount of co-payments for each measure (e.g., Landscaping, more efficient clothes washers, refrigerators, on-demand hot water recirculation pumps, etc.)

To keep impact evaluation costs affordable, cost savings data should be based on engineering estimates built into the Customer Data Sheets based on usage and measure data recorded by contractors (including replaced measure data such as actual watts replaced, gallons per flush

saved, and gallons per minute from showerheads). Savings should be recorded for water, gas, and electricity. Savings will be calculated for and should be reported based on total homes and average homes.

Furthermore, if possible, all data should be put into three groups to identify whether start-up or winding down operations had significant impact on program results:

- Customers who participated during the first five months
- Customers who participated in months five through ten
- Customers who participated in months ten through twelve (important if pilot is not continued)

While all program results suffer from start-up hiccups and winding down operations, segregating savings data as recommended above will better enable other utilities to estimate results should they replicate this program over a number of years (i.e., minimizing the impact of start-up and winding down on overall program results if, in fact, they are significant).

O. Timing/Next Steps

EEI believes the following steps need to be completed at the identified times in order to meet a March 1, 2012, pilot start-up and ensure EEI's availability to complete its work on this project. While steps 3 and 4 are part of development of the detailed program design, they needed to be completed prior to final approval of the Program Design as explained below. As noted earlier, the schedule for steps 3, 4, and 6 below should be amended after negotiations if a later start date is selected.

1. Approval of a Concept Paper by the Town of Windsor and other key Windsor Efficiency PAYS[®] program partners is required for this project to move forward. Approval of this Concept Paper and authorization for EEI to proceed must occur by August 20, 2011, in order to have a March 1, 2012, pilot start date. COMPLETED.
2. Lawyers and other interested parties need to review EEI's existing suite of contracts, forms, and worksheets to ensure that there is time to make any changes required by California law, to structure the pilot to facilitate participation by larger capital providers, to facilitate the program being replicated in a large city, and to meet the needs of the Town of Windsor. This review should be started as soon as possible to ensure required reviews are completed, changes are made, copies are printed, and the package is available as part of the training programs describe in step 6 below. UNDERWAY

3. The pilot's marketing plan, at least those actions required to print bill stuffers, needs to be completed in time for distribution in October 2011. The information campaign will operate through at least March 2012. As described in Section D above, this pilot will only be successful if the pilot and this unique offer are explained effectively to customers and they have confidence in an offer that works. UNDERWAY
4. EEI's development of RFPs and utility and RCPA approval should occur no later than November 18, 2011, so that RFPs can be issued by December 1, 2011. At this time, EEI believes RFPs will be required to select a Capital Provider, Certification Agent, one or more RFPs to obtain bulk pilot program measures (e.g., toilets, showerheads, clothes washing machines, refrigerators, on-demand hot water recirculation pumps, etc.), and Certified Contractors (e.g., Lead Contractors, Landscaping Contractors, and Appliance Vendors). Proposals should be required by January 13, 2012, and selection should occur no later than February 1, 2012, to ensure these key program partners can arrange to obtain required insurance and bonding and schedule staff to attend mandatory training sessions. RFPs COMPLETED AND ISSUED ON TIME; AWAITING PROPOSALS.
5. The goal is for the detailed Program Design to be drafted by November 30, 2011 and reviewed, revised as needed, and approved by December (if possible). Approval by January 20, 2012, should still enable the March 1, 2012, start date to be met. PROGRAM DESIGN DRAFTED ON TIME; FIRST REVIEW COMPLETED; SUBSEQUENT REVIEWS UNDERWAY
6. Training of Certification Agent staff, utility customer service staff (and others who handle customer enquiries at the Town of Windsor utility, and contractors seeking certification should be completed in February 2012.
7. Pilot implementation begins in March 1, 2012.