

EFFECTIVE JAN 2022

STRATEGIC ENERGY MANAGEMENT (SEM) PROGRAM GUIDELINES:

1. Customer shall assign a SEM "Executive Sponsor" to provide management support for the implementation of this project. Customer shall confirm its designated Executive Sponsor by completing Exhibit 1 of this agreement.
2. Customer shall appoint a SEM "Energy Champion" to oversee the execution of this Agreement. The Energy Champion will (a) serve as the primary contact for the SEM Providers (Energy Smart Industrial Technical Service Providers, Energy Smart Industrial Program staff); (b) implement suitable SEM action items; and (c) track implementation dates and if necessary, associated costs. Customer shall confirm its designated Energy Champion by completing Exhibit 1 of this agreement.
3. If agreed to by Customer and Seattle City Light, the Energy Champion will oversee the design and installation of a Performance Tracking System (PTS), capable of measuring and tracking energy consumption and energy savings performance. The Energy Champion will track installation costs, and provide the data required to complete the PTS Verification Report.
4. Customer agrees to provide BPA and its designated SEM Provider with the information necessary to establish and maintain a baseline energy model (Monitoring, Targeting, and Reporting [MT&R] model). The MT&R model will define the pre-engagement baseline and measure the energy savings associated with the implementation of Customer's SEM program. Necessary information includes electric energy consumption and production quantities and may also include natural gas consumption and any other relevant data that would impact electrical energy use.
5. The SEM Provider will work with the Customer to compile annual SEM Completion Reports. Seattle City Light will subsequently report energy savings in the BPA reporting system. Energy savings will be verified based on the latest revision of BPA's MT&R Guidelines document and will not include savings from any projects that have received or will receive funding from other BPA or Seattle City Light programs. Reported energy savings and any associated costs must be approved by BPA in order to qualify for incentives.

Table 1. SEM Funding Amounts and Milestones

Payment No.	Incentive Formula	Milestone
<p>Payment #1: Initial Performance Tracking System Setup* (optional)</p>	<p>Lesser of:</p> <ol style="list-style-type: none"> 1. Documented PTS costs or 2. \$15,000 <p><i>*Set Up may only be used once during the two-year enrollment period.</i></p>	<p>Customer purchases and installs BPA-approved PTS (could be prior to the SEM enrollment agreement and start of the performance period, if eligible). The software must:</p> <ul style="list-style-type: none"> - Collect key process energy-performance indicators sufficient to predict energy consumption, or track performance at a facility or system level - Provide data frequently to measure changes in energy performance
<p>Payment #2: SEM Participation Year 1 + PTS Maintenance (optional)</p>	<ol style="list-style-type: none"> 1. \$0.025 per kWh of verified total energy savings, measured as all SEM savings achieved above the SEM baseline by the end of year 1* - AND, if eligible Optional: Lesser of PTS Costs or \$10,000 per two-year performance period. 	<ul style="list-style-type: none"> - Workshop and/or Tune Up event - Energy Scan Report or Tune Up Report <p>BPA reviews and approves "Year 1" SEM Completion Report.</p>
<p>Payment #3: SEM Participation Year 2 + PTS Maintenance (optional)</p>	<ol style="list-style-type: none"> 1. \$0.025 per kWh of verified total energy savings, measured as the SEM savings achieved in year 1 and adjusted for (plus or minus) any additional savings achieved in year 2. - AND, if eligible Optional: Lesser of PTS Costs or \$10,000 per two-year performance period. 	<p>BPA reviews and approves "Year 2" SEM Annual Completion Report.</p>

Payment No.	Incentive Formula	Milestone
<u>Renewal Payment(s):</u>	1. If previous performance year energy baseline is still valid, \$0.025 per kWh of verified total energy savings, measured as the SEM savings achieved above year 2 of the previous performance period. OR 2. If re-baselining energy model to period preceding re-enrollment, \$0.025 per kWh of verified total energy savings compared to the new baseline model.	BPA reviews and approves "Renewal Year" SEM Annual Completion Report.

*The SEM Performance Period in year 1 starts:

- a.) No earlier than the BPA kick-off workshop (if applicable), and
- b.) No later than either (i) the first day of the first full monthly billing cycle following the kick-off workshop (if applicable), or (ii) when the Customer begins SEM Action Item implementation.

EXHIBIT 1

Designation of SEM Project Executive Sponsor and Energy Champion

Customer appointed SEM "Executive Sponsor":

Name of Executive Sponsor: _____
(please print)

Title: _____

Phone: _____

Email Address: _____

Customer appointed SEM "Energy Champion":

Name of Energy Champion: _____
(please print)

Title: _____

Phone: _____

Email Address: _____