

What to Expect from a Pay for Performance Partner – Existing Buildings

Information in this document is meant as a reference to assist customers in the process of selecting a Partner company for participation in the Pay for Performance Existing Buildings Program. Actual contracts for work conducted as part of the program shall be finalized and agreed to by the customer and the Partner.

Tips for Selecting a Partner

Factors to consider in choosing the right Partner for your project:

- **Geography** - Does the Partner service your region? Pay for Performance Partners are not assigned to a specific region of New Jersey.
- **Experience** - Has the Partner completed any Pay for Performance projects for other customers? If so, were any of the projects in buildings similar to yours? Ask for case studies!
- **Rate Structure** - Is the proposal for work in-line with your budget? The program does not control Partner fees, so be sure to contact at least three Partner organizations and compare costs.
- **Reputability** - Ask the Partner for references. Contact former clients and ask questions about the projects and the working relationships.
- **Responsiveness** - Did the Partner explain the program to you and provide you with an estimate of all costs pertaining to your project? Did the Partner respond to all of your inquiries in a timely and thorough manner?
- **Timelines** - Be sure the Partner is able to meet your project timeline.

Partner Responsibilities

Responsibilities and services provided by a Partner for a typical project include:

Energy Reduction Plan Development

- Conducting an initial information session with the participating customer, identifying program goals and presenting the various approaches and benefits of participating in the program, including the potential for obtaining an ENERGY STAR® label. The Partner shall explain the purpose of the Energy Reduction Plan, and discuss potential areas for energy savings available to the participant.
- Determining the potential to save a minimum of 15% in energy from current consumption levels (or 4% for high energy intensity users such as manufacturing/industrial buildings and hospitals).
- Acquiring all energy consumption data for all buildings to be included in the project from the most recent previous twelve months.
- Using EPA Portfolio Manager online software to provide benchmarked baseline energy usage for all buildings.
- Conducting a comprehensive energy audit of the participant's facility based on the program guidelines and ASHRAE's Level II audit. The Partner shall ensure that this task is completed by a qualified individual with a professional certification such as Professional Engineer or Certified Energy Manager or demonstrated thorough experience in identifying energy savings opportunities in commercial buildings.

- Developing a computer simulated and calibrated energy model of the facility in accordance with the program guidelines using eligible software (e.g. eQuest, Trane TRACE, etc.).
- Creating a package of energy efficiency measures based on program guidelines. This package must incorporate sufficient energy efficiency measures to achieve the 15% savings requirement.
- Engaging in a series of consultations with the participant and designated representatives to further develop the scope of the energy saving recommendations. The consultations with the participant shall be collaborative in nature by presenting alternatives and suggestions for maximizing energy savings while working to meet the goals of the participant.
- Determining the costs of each of the recommended measures using R. S. Means or an equivalent construction estimating procedure.
- Assisting the participant in developing a preliminary construction schedule that includes all energy efficiency measures included in the scope of the project.
- Preparing the customer-approved Energy Reduction Plan using the provided templates, which summarize existing conditions, the energy efficiency recommendations, their projected costs, financial savings, and reductions in energy consumption, based on program guidelines.
- Submitting an **Energy Reduction Plan** to Program Manager for review and approval.
- Once the Energy Reduction Plan is approved, and the incentive levels are committed, preparing and submitting a request for the first incentive payment on behalf of the participant using the appropriate Incentive Request form.

Installation of Recommended Measures

- Designing approved energy efficiency measures, or arranging for procurement of design firm(s), ensuring final design complies with approved Energy Reduction Plan.
- Remaining involved during the construction period to ensure that recommended measures are accurately reflected in the bid process and the construction documents.
- Reviewing the bid package(s), as appropriate, to ensure that sufficient detail is included to characterize the energy-related measures.
- Ensuring that, when appropriate, designers and installers of specific systems will hold applicable certifications, accreditations, and/or licenses.
- Attending pre-bid meeting(s), as necessary, to explain program goals and procedures to bidding contractors. The Partner shall explain energy-efficiency scope of work in sufficient detail to ensure that contractors understand program requirements for bidding purposes.
- Reviewing selected bids and final contracts to ensure that they accurately reflect the final approved design and specifications.
- Reviewing the construction schedule and offering suggestions regarding the timing and installation of the energy efficiency elements of the project as needed.
- Preparing and submitting an **Installation Report** for review and approval by Program Manager. Using the program template, the installation report shall include specifications of installed measures, as-built costs, and associated invoices for material, labor, and any other fees.
- Once the installation report is approved, the Partner shall prepare and submit a request for the second incentive payment on behalf of the participant using the appropriate Incentive Request form.

Savings Verification Period

- Collecting post-construction utility bills as they become available, and reviewing progress of actual energy savings vs. expectations.
- Identifying anomalies and/or issues that may be thwarting expected energy savings and providing remedial actions, which may involve coordination with Program Manager.
- At least fifteen months after construction completion, but no more than twenty-seven months (where extensions are approved by Program Manager), preparing and submitting a **Post-Construction Benchmarking Report** for review and approval by program representatives, which includes post-construction data entry into EPA Portfolio Manager.
- If the post-construction energy savings meet or exceed the minimum savings requirement, the Partner shall prepare and submit a request for the third (final) incentive payment on behalf of the participant using the appropriate Incentive Request form.

Avoid Pitfalls

- Download the Program Application, and Incentive Structure for your reference. Read through these documents, as well as the website, to learn the details of program participation.
- Do not agree to begin the Energy Reduction Plan development unless the Partner is confident that there is potential to reduce energy consumption in your facility by 15% or more (or 4% for qualifying high energy intensity users).
- Remember that the first incentive payment is contingent upon moving forward with implementation. If you decide not to install the scope of work outlined in the Energy Reduction Plan, be prepared to pay the Partner their fees for work provided despite not receiving the first incentive.
- The second incentive is paid upon completed installation of recommended measures. The measures do not *need* to be installed by the Partner's firm, but the Partner does need to stay involved. You may subcontract the installation to other contractors, but the Partner must maintain oversight to ensure that installation is performed properly and that all necessary documents are filed.
- The third incentive is paid at the end of the twelve month post-construction performance period. The Partner will need to collect monthly utility bills from you to ensure that projected savings are being realized. Please note that the second and third incentives are intended to act as a single performance incentive that is split in order to provide up-front financial assistance in implementing the project. The Savings Verification's main purpose is to "true-up" this performance incentive in the post-retrofit period by adjusting the third incentive so that the total performance incentive (i.e. #2 and #3) is in compliance with the program's incentive structure. The minimum savings required is 15%, but the third incentive can be collected with demonstrated savings as low as 5%. Failure to meet the 5% minimum threshold for energy savings by any margin results in no award of third incentive.

For additional information, visit NJCleanEnergy.com/P4P, e-mail P4P@NJCleanEnergy.com or call 866-NJSMART to speak with a program representative.

