

Reviewing the Proposal

TO Financial Schedules — *The Cut-to-the-Chase Project Description*



Cost Elements of ESPCs

| | |
|-----------------------------|--|
| Project Development | <ul style="list-style-type: none"> • Energy surveys, proposals |
| ECMs | <ul style="list-style-type: none"> • Direct costs for design, installation/construction |
| Indirect Costs | <ul style="list-style-type: none"> • e,g, overhead and profit |
| Financing | <ul style="list-style-type: none"> • Interest, financing procurement costs |
| Performance-Period Services | <ul style="list-style-type: none"> • O&M, R&R, M&V |

| Schedule | Description | Office that uses the Schedule |
|----------|--|---|
| TO-1 | <ul style="list-style-type: none"> Guaranteed annual cost savings & annual contractor payments (savings and payments by year) | Lawyers, COs, Leadership, |
| TO-2 | <ul style="list-style-type: none"> Implementation price by ECM (investment costs) | Contracting, Price Analysts |
| TO-3 | <ul style="list-style-type: none"> Performance-period cash flow (financing info, annual cash flows) | Budget, Finance, Resource Managers |
| TO-4 | <ul style="list-style-type: none"> First-year energy & cost savings by ECM and tech category (savings breakout by ECM) | Energy Managers, Engineering, Facility Managers |
| TO-5 | <ul style="list-style-type: none"> Annual cancellation ceiling | Leadership |

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TO-1

Schedule Date: June 21, 2012

| SCHEDULE TO-1 (Preliminary Assessment – PA) PROPOSED GUARANTEED COST SAVINGS AND CONTRACTOR PAYMENTS | | | |
|---|---|---|--|
| IMPORTANT INFORMATION | | | |
| Note: (1) – (8) are not shown here. See full-page printouts in workshop handbook. | | | |
| Task Order No: | Contractor Name: ABC | Project Site: Fort Raup | |
| | (a) Estimated Cost Savings (\$) | (b) Proposed Guaranteed Cost Savings (\$) | (c) Contractor Payments (\$) |
| Implementation Period | \$ 260,000 | \$ 260,000 | \$ 250,000 |
| | (d) Estimated Annual Cost Savings (\$) | (e) Proposed Guaranteed Annual Cost Savings (\$) | (f) Annual Contractor Payments (\$) |
| One | \$ 827,911 | \$ 794,795 | \$ 794,794 |
| Two | \$ 852,748 | \$ 818,638 | \$ 818,637 |
| Three | \$ 878,330 | \$ 843,197 | \$ 843,196 |
| Four | \$ 904,680 | \$ 868,493 | \$ 868,492 |
| Five | \$ 931,820 | \$ 894,547 | \$ 894,546 |
| Six | \$ 959,775 | \$ 921,384 | \$ 921,383 |
| Seven | \$ 988,568 | \$ 949,025 | \$ 949,024 |
| Eight | \$ 1,018,225 | \$ 977,496 | \$ 977,495 |
| Nine | \$ 1,048,772 | \$ 1,006,821 | \$ 1,006,820 |
| Ten | \$ 1,080,235 | \$ 1,037,026 | \$ 1,037,025 |
| Eleven | \$ 1,112,642 | \$ 1,068,136 | \$ 1,068,135 |
| Twelve | \$ 1,146,021 | \$ 1,100,180 | \$ 1,100,179 |
| Thirteen | \$ 1,180,402 | \$ 1,133,186 | \$ 1,133,185 |
| Fourteen | \$ 1,215,814 | \$ 1,167,181 | \$ 1,167,180 |
| Fifteen | \$ 1,252,288 | \$ 1,202,196 | \$ 1,202,195 |
| Sixteen | \$ 1,289,857 | \$ 1,238,263 | \$ 1,176,297 |
| Total Post Acceptance | \$ 16,688,088 | \$ 16,020,564 | \$ 15,958,583 |
| | | Total Guaranteed Cost Savings (b+c) | Total Contractor Payments (c+f) |
| Total Implementation Period & Post Acceptance | | \$ 16,280,564 | \$ 16,208,583 |

One-time payments and construction-period savings

Project Facilitator costs can be included in TO-1

Guarantee is for the total, not for individual ECM savings amounts

- Explanations/Comments:
- Payments will be made monthly over the 16 year payment period.
 - Implementation Period includes \$260,000 of estimated utility rebates. These will be researched further during the proposal development phase.

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TO-2 shows total direct and indirect costs and profit by ECM

| SCHEDULE TO-2 IMPLEMENTATION PRICE BY ENERGY CONSERVATION MEASURE | | | | | | | Project development costs are shown in TO-2 | | |
|---|---------|---|-----------------------|------------------|------------------------|----------------------|---|--|--------------|
| IMPORTANT INFORMATION: | | | | | | | | | |
| 1) This schedule is not to be altered or changed in any way. Please note any clarifications in the comments/explanations area below. | | | | | | | | | |
| 2) Implementation expense shall include only direct costs for each ECM and no post-acceptance performance period expenses. Indirect expenses and profit will be applied to the sum of direct expenses for all ECMs and project development to calculate total implementation price (d) for the project. | | | | | | | | | |
| 3) Contractor shall attach adequate supporting information detailing total implementation expenses. | | | | | | | | | |
| 4) Contractor shall propose bonded amount representing the basis of establishing performance and payment bonds per Section H of the contract, as required. | | | | | | | | | |
| 5) Attached supporting information shall be presented to identify portions of ECM or project expenses included in proposed bonded amount. | | | | | | | | | |
| 6) Proposed bonded amount is assumed to include indirect expenses and profit applied to implementation expenses above, unless otherwise specified by contractor. | | | | | | | | | |
| 7) For the following ECMs, enter the total installed capacity of new equipment in the units specified (e.g., chillers-150); chillers and packaged units in tons, VFDs in hp, boilers and furnaces in input Btu/hr, BAS/EMCS in number of points, transformers in kVA, generators in kW. For lighting ECMs, specify baseline kW treated. | | | | | | | | | |
| 8) M&V expense shall not include any performance-period expenses. | | | | | | | | | |
| Project Site: Fort Raup | | | Task Order No: 1 | | | Contractor Name: ABC | | | |
| Tech Category (TC) | ECM No. | Equipment Description - Title | ECM Size | M&V Expense (\$) | Implementation Expense | | (c) Profit (\$) | (d) Implementation Price (\$): (a)+(b)+(c)=(d) | |
| | | | | | (a) Direct (\$) | (b) Indirect (\$) | | | |
| n/a | n/a | Project Development | n/a | n/a | \$ 450,000 | | | | |
| 3 | 3.1 | Energy management control system improvements | 1.0 M SF, 3000 points | \$ 70,000 | \$ 2,100,000 | | | | |
| 5 | 5.1 | Lighting improvements | 1.5 M SF | \$ 20,000 | \$ 2,300,000 | | | | |
| 13 | 13.1 | Domestic water conservation | 2.85 M SF | \$ 5,000 | \$ 1,050,000 | | | | |
| 13 | 13.2 | Induced draft fan bearings - cooling water flow control | 8 GPM | \$ 1,500 | \$ 10,000 | | | | |
| 13 | 13.3 | Leak repairs | 2 MG/yr | \$ 1,500 | \$ 20,000 | | | | |
| 13 | 13.4 | Recirculation of wash rack sediment basin water | 5 MG/yr | \$ 1,500 | \$ 40,000 | | | | |
| 13 | 13.5 | Kitchen water conservation | 6 MG/yr | \$ 1,500 | \$ 30,000 | | | | |
| TOTALS | | | | | \$ 101,000 | \$ 6,000,000 | \$ 1,020,000 | \$ 480,000 | \$ 7,500,000 |
| Bonded Amount (\$): | | | 7,500,000 | | | | | | |

Explanations/Comments:

1. Indirect expense are 17% of direct expense and profit is 8% of direct expenses
2. M&V Expense includes only direct costs

One-time payments and construction-period savings

TO-3 Post-Acceptance Performance-Period Cash Flow

TO-3 is the best snapshot of the project

| SCHEDULE TO-3 - POST-ACCEPTANCE PERFORMANCE PERIOD CASH FLOW (page 1) | | | | | | |
|---|------------|--|--|------------|---------------------------------|------------|
| IMPORTANT INFORMATION: This schedule is not to be altered or changed in any way. | | | | | | |
| Project Site: Fort Raup | | Task Order No: 1 | | | Contractor Name: ABC | |
| Project Capitalization | | Applicable Financial Index: U.S. Treasury Note | | | Issue Date: 6/14/12 | |
| Total Implementation Price (from TO-2 Total) | | \$ 7,500,000 | Term (Years): 16 | | Source: www.xxxx.com | |
| Plus Financing Procurement Price (\$) | | \$ 500,000 | Index Rate: 4.00% | | Effective Through: TBD at award | |
| Less Implementation Period Payments (from TO-1 (final) (c) (if proposed, must be fully documented)) | | (\$250,000) | Added Premium (adjusted for tax incentives): 2.00% | | | |
| Total Amount Financed (Principal) | | \$7,750,000 | Project Interest Rate: 6.00% | | | |
| Term (year) | 1 | 2 | 3 | 4 | 5 | 6 |
| Annual Cash Flow (Post-Acceptance Performance Period) | | | | | | |
| Debt Service | | | | | | |
| Principal Repayment | \$ 126,999 | \$ 181,957 | \$ 214,637 | \$ 250,016 | \$ 288,276 | \$ 329,624 |
| Less incentives (i.e., REC, White Tag, etc.) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net principal repayment before interest | \$ 126,999 | \$ 181,957 | \$ 214,637 | \$ 250,016 | \$ 288,276 | \$ 329,624 |
| Interest (\$) | \$ 461,545 | \$ 452,430 | \$ 440,624 | \$ 426,783 | \$ 410,742 | \$ 392,320 |
| Total Debt Service (a) | \$ 588,544 | \$ 634,387 | \$ 655,261 | \$ 676,799 | \$ 699,018 | \$ 721,944 |
| Post-Acceptance Performance Period Expenses | | | | | | |
| Management/Administration | \$ 15,000 | \$ 15,300 | \$ 15,606 | \$ 15,918 | \$ 16,236 | \$ 16,561 |
| Operation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Maintenance | \$ 75,000 | \$ 76,500 | \$ 78,030 | \$ 79,591 | \$ 81,183 | \$ 82,807 |
| Repair and Replacement | \$ 30,000 | \$ 30,600 | \$ 31,212 | \$ 31,836 | \$ 32,473 | \$ 33,122 |
| Measurement and Verification | \$ 45,000 | \$ 25,000 | \$ 25,500 | \$ 26,010 | \$ 26,530 | \$ 27,061 |
| Permits and Licenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other - Describe and Explain | | | | | | |
| Other - Describe and Explain | | | | | | |
| SUBTOTAL Before Application of Indirect Rates | \$ 165,000 | \$ 147,400 | \$ 150,348 | \$ 153,355 | \$ 156,422 | \$ 159,551 |
| Indirect Cost Rate (%) | 17.0% | 17.0% | 17.0% | 17.0% | 17.0% | 17.0% |
| Indirect Cost Applied (\$) | \$ 28,050 | \$ 25,058 | \$ 25,559 | \$ 26,070 | \$ 26,592 | \$ 27,124 |
| SUBTOTAL Post-Acceptance Performance Period Expense | \$ 193,050 | \$ 172,458 | \$ 175,907 | \$ 179,425 | \$ 183,014 | \$ 186,675 |
| Post-Acceptance Performance Period Profit (%) | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| Post-Acceptance Performance Period Profit (\$) | \$ 13,200 | \$ 11,792 | \$ 12,028 | \$ 12,268 | \$ 12,514 | \$ 12,764 |
| Post-Acceptance Performance Period Expenses (b) | \$ 206,250 | \$ 184,250 | \$ 187,935 | \$ 191,693 | \$ 195,528 | \$ 199,439 |
| Net Contractor Payments (a)+(b) | \$ 794,794 | \$ 818,637 | \$ 843,196 | \$ 868,492 | \$ 894,546 | \$ 921,383 |

TO-4 Breaks out estimated savings (current year \$)

| SCHEDULE TO-4 Task Order Performance Period First Year Estimated Annual Cost Savings, by Energy Conservation Measure and Technology Category | | | | | | | | | | | | | | | | | | |
|--|---------|----------------------------------|-------------------------------------|------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|---------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------------------------------|--|--------------------------------|--------------------------|--|------------------------------|------------------------------|
| IMPORTANT INFORMATION: | | | | | | | | | | | | | | | | | | |
| 1) Project Square Footage (in 1000 SF) - Include only building square footage affected by installed ECMs in project. | | | | | | | | | | | | | | | | | | |
| 2) For column (a) insert estimated energy baseline by ECM and total project in MBtu based on IGA, and proposal data. | | | | | | | | | | | | | | | | | | |
| 3) For column (c1), annual electric demand savings (kW/yr) is the sum of the monthly demand savings | | | | | | | | | | | | | | | | | | |
| 4) Energy conversion factors for MBtu: MBtu=10 ⁶ Btu; Electricity — 0.003413 MBtu/kWh; Natural Gas — 0.1 MBtu/therm; #2 Oil — 0.128 MBtu/gal. | | | | | | | | | | | | | | | | | | |
| 5) Specify "Other" energy savings in (e)(1) and (e)(2) as applicable. Include energy type _____; energy units _____; and MBtu conversion factor _____ MBtu/____ (unit) | | | | | | | | | | | | | | | | | | |
| 6) This schedule is not to be altered or adapted in any way. Please note any clarifications in the comments/explanations area below. | | | | | | | | | | | | | | | | | | |
| Project Site: | | | Task Order #: | | | | Contractor: | | | | | Project Square Footage (KSF): | | | | | | |
| TC No. Att 2 | ECM No. | a. ECM energy baseline (MBtu/yr) | b1. Electric energy savings (kW/yr) | b2. Electric savings (\$/yr) | c1. Electric demand savings (kW/yr) | c2. Electric demand savings (\$/yr) | d1. Natural gas savings (MBtu/yr) | d2. Natural gas savings (\$/yr) | e1. Other savings (MBtu/yr) | e2. Other savings (\$/yr) | f. Total energy savings (MBtu/yr) | g. Total energy cost savings (\$/yr) | h. Other energy-related and O&M cost savings (\$/yr) | i. Water savings (1000 gal/yr) | j. Water savings (\$/yr) | k=g+h+j. Estimated annual cost savings (\$/yr) | l. Implementation price (\$) | m=l/k. Simple Payback (yrs.) |
| 3 | 3.1 | 121,966 | 5,038,347 | \$205,565 | - | - | - | - | 36,004 | \$75,177 | 53,200 | \$280,742 | \$ 37,300 | - | - | \$318,042 | \$2,837,850 | 8.9 |
| 5 | 5.1 | 34,495 | 5,246,898 | \$913,094 | - | - | - | - | - | - | 17,907 | \$318,094 | \$ 25,650 | - | - | \$338,744 | \$3,108,100 | 9.2 |
| 13 | 13.1 | 11,852 | - | - | - | - | - | - | 5,348 | \$11,125 | 5,348 | \$11,125 | \$0 | 24,308 | \$ 100,000 | \$111,125 | \$1,418,925 | 12.8 |
| 13 | 13.2 | 10,042 | - | - | - | - | - | - | - | - | - | - | 4,686 | \$ 10,000 | \$ 10,000 | \$ 13,513 | 1.4 | |
| 13 | 13.3 | - | - | - | - | - | - | - | - | - | - | - | 6,290 | \$ 10,000 | \$ 10,000 | \$ 27,025 | 2.7 | |
| 13 | 13.4 | - | - | - | - | - | - | - | - | - | - | - | - | \$ 25,000 | \$ 25,000 | \$ 54,050 | 2.2 | |
| 13 | 13.5 | - | - | - | - | - | - | - | - | - | - | - | - | \$ 15,000 | \$ 15,000 | \$ 40,537 | 2.7 | |
| TOTAL | | 178,355 | 10,285,185 | \$518,659 | - | - | - | - | 41,352 | \$86,302 | 76,455 | \$604,961 | \$ 62,950 | \$ 35,278 | \$ 160,000 | \$ 827,911 | \$7,500,000 | 9.1 |

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Schedule TO-5 — Annual Cancellation Ceiling Listing

- Required by ESPC legislation
- Negotiated by agency and ESCO
- Shows outstanding liability for each year of term
 - Usually ~ 105% of outstanding debt for year
 - Amount over 100% represents ESCO’s transaction costs and early termination penalty from financier
 - Should not include lost profit or service costs
- Exact principal balance of loan (by month) is often attached to expedite loan payoff in the event of termination for convenience (T for C)
 - (T for C is discussed in Phase 5)

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TO-5

| SCHEDULE TO-5 ANNUAL CANCELLATION CEILING SCHEDULE | | |
|---|----------------|------------------|
| IMPORTANT INFORMATION: | | |
| (1) Cancellation Ceilings for each time period specified below establish the maximum termination liability for that time period, and includes the remaining unamortized principal on total amount financed for each time period specified below plus any prepayment charges. Actual total termination costs will be negotiated. | | |
| (2) The contractor may attach a monthly Financing Termination Liability Schedule. | | |
| (3) In the event of TO cancellation or termination for convenience, FAR 52.217-2 or 52.249-2 will apply. | | |
| Project Site: | Task Order No: | Contractor Name: |
| Fort Raup | | EMS |

| Time Period | Cancellation Ceiling |
|-------------------------|----------------------|
| Installation Acceptance | 6,883,854 |
| End of Year One | 6,755,376 |
| End of Year Two | 6,531,010 |
| End of Year Three | 6,276,233 |
| End of Year Four | 5,988,823 |
| End of Year Five | 5,666,415 |
| End of Year Six | 5,306,497 |
| End of Year Seven | 4,906,399 |
| End of Year Eight | 4,463,286 |
| End of Year Nine | 3,974,147 |
| End of Year Ten | 3,435,783 |
| End of Year Eleven | 2,844,800 |
| End of Year Twelve | 2,197,592 |
| End of Year Thirteen | 1,490,335 |
| End of Year Fourteen | 718,967 |
| End of Year Fifteen | |
| End of Year Sixteen | |

Annual or monthly cancellation ceilings are maximums subject to negotiation

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Next:
Proposal Review – Financing



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