



Peak-Load Reduction Program
Program Opportunity Notice (PON) 1097
(March 3, 2008 Revision)

\$37 million available for summer peak demand reduction measures

Applications accepted on a first-come, first-served basis through June 30, 2008, 2008, 5:00 PM EST*.

The **New York Energy SmartSM** Peak-Load Reduction Program, administered by the New York State Energy Research and Development Authority (NYSERDA) requests applications from Eligible Contractors to identify and implement Project(s) that result in reduced peak electric demand in New York State, particularly New York City. The program offers several components, each geared towards specific demand reduction strategies. These strategies are divided into two categories, Permanent Demand Reduction (PDR) and Demand Response (DR). The Permanent Demand Reduction portion funds technologies that permanently reduce a Facilities' demand coincident with the system peak. Demand Response consists of three sub-components: Load Curtailment or Shifting (LC/S) for load-based reductions, Distributed Generation (DG) for clean on-site electric generation in response to a NYISO event, and Interval Meters (IM), for meters allowing participation in a Demand Response Program or Hourly Pricing Program. Funding for LC/S and DG require participation in NYISO's ICAP/SCR Program. Eligible Contractors are facility owners/operators or service providers capable of both developing electric demand-reduction projects and implementing all necessary measures. Facilities eligible for DG incentives must be electric distribution customers within the Con Edison service territory.

Base loaded generators are not funded under this program. Combined Heat and Power (CHP) projects are encouraged to investigate the incentives available under the Enhanced Commercial Industrial Performance Program (PON 1101).

APPLICATION SUBMISSION: Applications must be clearly labeled and mailed to:

Ann Trivison PON 1097
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203-6399

Statewide program questions should be directed to **Christopher Smith** (866-NYSERDA, ext. 3360, cjs@nyserda.org) or **Andrew Tighe** (866-NYSERDA, ext. 3515, or alt@nyserda.org). **NYC** questions should be directed to **Brenden Millstein** (212-971-5342 ext. 3014, bsm@nyserda.org). **Contractual** questions should be directed to **Doreen Darling** (866-NYSERDA, ext. 3216, or djd@nyserda.org).

For questions regarding the New York Independent System Operator's (NYISO's) Demand Response Programs, go to www.nyiso.com.

* Faxed or e-mailed applications will not be accepted. Applications will not be accepted at any NYSEDA location other than the address specified above. Applications will be processed on a first-come, first-served basis through June 30, 2008, 5 PM EST or until funds are fully committed, whichever comes first.

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I. INTRODUCTION

A. OBJECTIVE

The objective of PON 1097 is to improve electric system reliability and system load factor, as well as reduce electric costs by providing incentives that result in system coincident electric summer peak demand reduction in New York State, particularly in New York City. Measures installed must perform as an integrated function of the operation of the building without compromising applicable building code requirements or occupant health or safety. All measures must exceed efficiency requirements contained in applicable codes or regulations. The customer baseline and strategy for accomplishing peak load reductions must be clearly delineated in the Technical Assessment (see Appendix D).

The program offers several components, all geared towards specific demand reduction strategies:

Permanent Demand Reduction (PDR) results in reduced peak demand during the Summer Peak Demand Reduction Period, through the installation of equipment that provides long-term (expected to be in place and operational for at least five years) system coincident peak demand reduction.

Load Curtailment/Shifting (LC/S) results in reduced peak demand in response to an electric capacity shortfall or defined price signal. Each participating Facility must register in the New York Independent System Operator's (NYISO) Installed Capacity/Special Case Resource (ICAP/SCR) program or Hourly Pricing Program (HPP) for at least two entire Summer Peak Demand Reduction Periods.

Distributed Generation (DG) results in reduced peak demand by enabling Qualifying Generators in the Con Edison service territory to offload all or a percentage of a Facility's electric capacity. This component of the program supports both the installation of new generators and modifications to existing generators. Base loaded generators are ineligible for funding. Generators funded through this program are operated only in response to an event or test called by the NYISO through the ICAP/SCR program.

Interval Meters (IM) result in reduced peak demand through the purchase and installation of Interval Meters and associated communications equipment. This enables participation in load reduction programs such as the NYISO's Demand Response programs, and/or an opt-in HPP for at least two entire Summer Peak Demand Reduction Periods.

Eligible Contractors are also encouraged to investigate other **New York Energy \$martSM** programs, including the Enhanced Commercial/Industrial Performance Program, the New Construction Program, Technical Assistance, and the Loan Fund Program. These programs offer additional incentives for the purchase and installation of energy-efficient equipment. See NYSERDA's website (www.nyserda.org) for more information on each of these programs.

B. AVAILABLE FUNDS

NYSERDA has up to \$37 million available for incentives to Eligible Contractors under this solicitation. To be eligible for funding, projects may not have been started earlier than 60 days prior to application. For purposes of eligibility, the project start date will be considered the date that a contract was signed. Section I c)(1) addresses program incentive caps by Contractor and Facility.

Applications will be processed on a first-come, first-served basis until all funds are committed, or through June 30, 2008, whichever is earlier. All Projects must be completed and field verified within 24 months of the date on the Purchase Order (PO). Approved Applications will be issued one or more Purchase Orders by NYSERDA.

C. INCENTIVES

There are program incentive caps that apply to various components of this program. In providing incentives, the facility must agree to transfer ownership of all environmental benefits achieved as a result of the project to NYSERDA. This includes, but is not limited to NO_x and CO₂ reductions.

1. Program Incentive Caps

- (a.) Total incentives per Contractor under this Program will not exceed \$5 million.
- (b.) Total incentives per Facility under this Program will not exceed \$1.25 million.
- (c.) Contractor and/or Facility caps and program funding may be adjusted based on program activity and funding resources. Program funding will be closely monitored to ensure that the program passes the total resource cost test. Program caps may be adjusted to ensure that the program as a whole passes the total resource cost test, as required by the Public Service Commission.

2. General Reimbursement Incentives

TABLE 1 - Reimbursement Incentive Caps ¹

Permanent Demand Reduction (PDR)		Demand Response			
		Load Curtailment & Shifting (LC/S)		Distributed Generation (DG)	Interval Meters (IM)
Con Edison \$600/kW ²³	Non-Con Edison \$300/kW ³	Con Edison \$200/kW	Non-Con Edison \$50/kW	Con Edison \$150/kW	Statewide \$1,500/meter

¹ Contractors will be reimbursed by the incentive rates in Table 1, capped at 65% of Eligible Project Costs. Eligible DLC projects and HPP meter projects are eligible for incentives up to 100% of Eligible Project Costs.

² Electric-to-Steam Conversions: Full Load Coefficient of Performance > 1.02 : \$1,000/kW¹.

³ Super efficient electric chillers are eligible for additional incentives.

To be eligible for incentives, Facilities must contribute to the System Benefits Charge (SBC) or Con Edison’s Monthly Adjustment Clause (MAC) at the time of application and continue paying it throughout the contract term. In the event the customer pays the SBC or Con Edison’s MAC on less than 50 percent of the total annual electric consumption (kWh) at the Facility, the incentive will be prorated as follows:

$$\text{Prorated Incentive} = (\text{SBC or MAC kWh/Total kWh}) * (\text{standard incentive})$$

The Contractor will be reimbursed the lesser of 65 percent of the Eligible Project Costs or the incentive caps set forth in Table 1. The Facility owner/operator must contribute no less than 35 percent of Eligible Project Costs for all measures funded through this program. “In-kind” services do not qualify as part of the Facility/Owners contribution. For demand response projects, forgone future capacity revenue may contribute towards the Facilities cost share. NYSERDA reserves the right to require documentation from the Contractor to demonstrate the Facility owner/operator’s minimum payment ¹ requirement and to require cancelled checks to verify that Eligible Project Costs have been incurred by the Facility owner/operator.

The final payment will be determined based on an approved Technical Assessment, Field Verification and approved invoices. The incentives may differ from the PO if the approved Technical Assessment and/or approved Field Verification identify changes to the estimated kW demand reduction. Facility labor, or ongoing expenses such as fuel costs, subscription fees, software licensing fees, service/maintenance fees, communications or internet fees, etc. are NOT considered Eligible Project Costs.

No more than 30 percent of the Eligible Project Costs shall be for project development. Project development includes administrative costs, overhead, engineering, marketing, development of the Technical Assessment,

travel expenses, profit, or other expenses approved by NYSERDA. No less than 70 percent of the Eligible Project Costs shall be for project implementation. Project implementation costs include only direct expenses for the purchase and installation (labor and material costs) of equipment at the Facility. Project Costs must be specifically itemized for each Facility, including materials and equipment expenses, staff names and titles, billable hourly rates, tasks performed, and hours applied to specific tasks. Invoice items must be specifically identified as Project development expenses or Project implementation expenses. All invoices must include a signed invoice cover sheet, included in Appendix E. Invoice requirements apply to all invoices submitted, including Contractor invoices and subcontractor invoices. NYSERDA will inform all Facilities of incentives provided to their Contractor.

3. Aggregation Incentive

Contractors who aggregate at least 10 MW of new, Field Verified ICAP/SCR demand reduction in the Con Edison service territory are eligible for a \$100,000 aggregation incentive. Upon receipt of applications from a single Contractor equaling or exceeding 10 MW of ICAP/SCR demand reduction, NYSERDA will issue a Purchase Order to the Contractor for \$100,000. Aggregation incentives will be paid in two installments: 40 percent after Field Verification and the first year report, and 60 percent after the second year report. These reports must verify that no less than 80 percent of demand reductions have been achieved as confirmed by the year end report(s) accepted by NYSERDA. Year-end reports to NYSERDA must use the same demand reduction calculation methodology required by NYISO ICAP/SCR, and must be Facility-specific. Technical Assessments, Field Verifications, and year-end reports must confirm that a single Contractor has completed Projects resulting in greater than 10 MW of demand reduction in the Con Edison service territory. Demand reductions resulting solely from the installation of Interval Meters are not eligible to receive the aggregation incentive. Facility-specific NYISO test data will be deemed sufficient in the event that ICAP/SCR resources are not called upon during the Summer Peak Demand Reduction Period.

The Aggregation Incentive is to support the development and implementation of demand response projects that deliver NEW ICAP/SCR demand response resources. The Aggregation Incentive is limited to technology and infrastructure improvement-based demand response Projects, not behavior-based demand response Projects. Eligible Project Costs must be at least \$750,000, and enable 10 MW of demand reduction to receive the Aggregation Incentive. The Aggregation Incentive is limited to one award per NYSERDA Contractor.

4. PDR - Prescriptive Lighting Component

This incentive is for small to medium size lighting projects installing some of the more common fixtures. Lighting Projects may choose to participate in the more general PDR rather than the Prescriptive Lighting Component, but may NOT receive incentives through both components. Applications consist of Appendix A, B1, and B2 (including lamp and ballast cut sheets and utility bills). A Technical Assessment will not be required for this component of the program. The applicant will submit the application, and if approved by NYSERDA, a Purchase Order will be issued. The Applicant will install the fixtures and notify NYSERDA when installation is complete. NYSERDA will conduct a site visit to verify installation. Upon a successful Field Verification, NYSERDA will provide payment. The minimum project size for this component is an incentive of \$3,000. The maximum project size is an incentive of \$50,000. Projects larger than this may participate in the PDR portion of the program. NYSERDA may entertain projects with incentives above \$50,000, with a detailed project review. At a minimum, the project must consist of lamp and ballast replacements. When submitting your application, please make clear lamp and ballast associations on their respective cut sheets.

Deliverables Include:

- A completed application (Appendix A, B1 and B2)
 1. Appendix A, B1, B2
 2. Cut sheets for each type of lamp
 3. Cut sheets for each type of ballast

4. Utility bill(s)

- A Field Verification by NYSERDA that confirms installation of equipment

5. Controllable Appliance Aggregation Incentive

This incentive is for the replacement of existing equipment with the following new appliances, which have integrated direct load control (IDLC) devices and are installed in the Con Edison service territory:

Room Air Conditioners/Thru-the-Wall Air Conditioners
Packaged Terminal Air Conditioners
Packaged Terminal Heat Pumps
Hard-wired Lighting Fixtures
Electric Domestic Water Heaters

These appliances must have IDLC capability, must participate in the PDR and LC/S components of this solicitation, and must be installed at Facility(ies). Existing appliances must be removed and de-manufactured or scrapped in an environmentally sound manner. The Contractor must provide proof that this requirement has been met. The IDLC device must be installed inside the new appliance and integrated in the operation of the appliance in such a way that the appliance becomes inoperable if the IDLC device is tampered with or removed. The IDLC integrated appliance must deliver both efficiency improvements over the equipment being replaced and demand response capability. The demand reduction must be provided through the NYISO's ICAP/SCR program to provide demand reduction during at least two entire Summer Peak Demand Reduction Periods.

The Contractor will be reimbursed the lesser of: (1) 65 percent of the costs of the appliance or (2) \$1,000/kW reduction, which must be comprised of both permanent demand reduction and load curtailment. This incentive is limited to one award per NYSERDA Contractor. This incentive is not available for IDLC appliances currently considered "Off-the-Shelf" technology.

The total funding available under the Controllable Appliance Aggregation Incentive is \$500,000 and will be awarded on a first-come first-served basis. NYSERDA may adjust this project incentive cap and/or funding cap based on program activity. Up to \$250,000 per Project is available. The incentive is payable upon Field Verification that the units have been installed and are operational. Contractors proceeding with the manufacture and installation of the appliances after submission of an application for incentives, but before approval by NYSERDA, do so at their own risk.

The minimum number of installed IDLC appliances per Project is 200 units and must enable a minimum of 200 kW of load reduction, which must include PDR and LC/S. Of the 200 kW, at least 40 kW must be achieved through permanent demand reduction. Additional funds are available through the PDR and LC/S portions of this program.

Attached to Appendix A and Appendix B1 and B3 must be a detailed description of the appliance to be installed, including the following:

- a. The specific make and model appliance to be installed and controlled. The appliance efficiency must be greater than the appliance being replaced and must be ENERGY STAR[®] rated.
- b. The IDLC technology (proprietary, open protocol, etc.), the communication protocol (radio frequency, cellular, carrier signal, internet, intranet, etc.), the Eligible Contractor or entity responsible and their methodology to monitor and dispatch load control, control methodology (part load, duty cycling, load anticipation logic, modulating, temperature reset, etc.), and Facility and Contractor override details.
- c. A detailed description of the development and manufacture of the appliance, in particular to address specifics regarding design, setup and testing needs of IDLC. This must include detail as to the manufacturing design, setup and testing requirements and costs.

- d. The intended Project site(s) of the appliances. List Facility(ies) where appliances are to be installed, number of appliances to be installed, and base case and proposed IDLC enabled operating schedule of the appliances during the Summer Peak Demand Reduction Period.
- e. Identify the Demand Response program(s) in which the Facility(ies) will register. Describe the dispatch criteria under which the demand response resources will be implemented. If demand response resources are to be economically dispatched, identify price signals, intended dispatch hours, etc.
- f. The business plan and market potential for broad based application of the IDLC technology in this appliance across New York State.

D. LIMITATIONS

Eligible Project Costs may not be incurred more than 60 days prior to submission of an application. All POs expire 24 months from the date listed on the PO. Incentives awarded under PON 1097 cannot pay for measures funded under other NYSEDA programs including previous releases of the Peak-Load Reduction Program. NYSEDA will not accept applications for this program for projects awarded contracts through other NYSEDA programs.

The Contractor is responsible for obtaining all required local, state, and federal permits, and is responsible for complying with all applicable building, health, environmental, and safety codes.

E. APPLICATION PROCESS

The application process begins when the Applicant submits a completed application to NYSEDA (see Appendix A for the Contractor and Appendix B1-B5 for the Facility), on behalf of one or more Facilities. All applications must be submitted by an Eligible Contractor. For aggregated Projects, only one Appendix A per aggregation is required, while at least one Appendix B must be completed for each Facility. Appendix B must describe each Project for a particular Facility and indicate an estimated summer peak kW demand reduction for each Facility. The Applicant Checklist is located in Appendix A, Facility Data Sheets are located in Appendices B1-B5, a sample Purchase Order is located in Appendix C, a Technical Assessment outline is attached as Appendix D, an Invoice Cover Sheet is located in Appendix E, and the year end report format is located in Appendix F.

Contractors applying on behalf of a Facility should complete an Appendix A and have their customer complete the appropriate Appendix B(s). NYSEDA will contract with the party that submits Appendix A.

F. DEFINITIONS

Applicant - Any entity submitting an application under this solicitation for a Project at a Facility.

B20 - A blended Biodiesel mixture consisting of 20 percent (by volume) Biodiesel and 80 percent (by volume) petro-diesel fuel.

Biodiesel - A fuel consisting of long-chain fatty acid alkyl esters made from renewable vegetable oils, recycled cooking greases, or animal fats that meet ASTM standard D6751 with properties similar to #2 petroleum diesel fuel.

Contractor - Any Eligible Contractor awarded a Purchase Order under this solicitation.

Curtailment Service Provider (CSP) - A load reduction aggregator, energy service company (ESCO), or electric utility authorized, but not required, to provide load reductions under the New York Independent System Operator's Emergency Demand Response Program (NYISO's EDRP), or its Day Ahead Demand Response Program (DADRP).

Direct Load Control (DLC) - A load reduction strategy that can interrupt consumer load or modify settings or schedules of equipment at the time of a NYISO or LSE peak demand period. Equipment must be controlled for

an aggregated set of Facilities, by way of remote, centrally dispatched communication/control. Notwithstanding any other provisions of this solicitation, DLC Projects are eligible for all building types.

Diversity Factor - A ratio of the equipment's average demand over the Summer Peak Demand Reduction Period to the maximum connected demand of that equipment. Diversified kW = (kWh savings between 12PM and 6PM)/6 hours. This should then be averaged for the weekday, non-holiday period of May through October.

Eligible Contractor - An Eligible Contractor is a person who is capable of, or retains services capable of, developing a summer peak demand reduction Project, and implementing all necessary measures. Eligible Contractors include individual building owners or operators, lease holders, energy services companies, load serving entities, transmission and/or distribution utilities, demand response providers, equipment installers, engineering firms, and energy management firms. See Section VII. NON-COMPLIANCE for additional eligibility requirements

Eligible Project Costs - Costs incurred no sooner than 60 days prior to submission of an application and before the PO expires, associated with the development and implementation of the Project. Ineligible Project costs include Facility labor, ongoing expenses such as subscription fees, software licensing fees, service/maintenance fees, communications/internet fees, etc.

Facility - The building(s) where the Project is proposed and implemented. To be eligible, a Facility must pay into the System Benefits Charge or Con Edison's Monthly Adjustment Clause at the time of application and continue to pay it throughout the contract term.

Field Verification - The final site visit, performed by NYSERDA or its Consultant, to verify that the measures identified in the Technical Assessment have been installed, are operational, and capable of delivering the kW reduction as documented in the Technical Assessment.

Hourly Pricing Program (HPP) - A market-based, electric rate alternative that informs consumers of dynamic pricing, typically based on NYISO day-ahead market, reflecting periods of electric capacity scarcity with increased prices and periods of surplus capacity with reduced prices. Opt-in HPP refers to an Hourly Pricing Program that is not a Facility's default rate.

Integrated Direct Load Control (IDLC) - The capability of an appliance to be controlled from a remote location and through communication protocol (radio frequency, cellular, carrier signal, internet, intranet, etc.) to monitor and dispatch load control to the appliance. The technology must be an integral part of an appliance technology (proprietary, open protocol, etc.), that allows load control (part load, duty cycling, load anticipation logic, modulating, temperature reset, etc.). The appliance must be made to be inoperable if this control technology is tampered with or removed.

Interval Meters - Interval Meters perform two distinct functions: capture and store time sensitive energy use information; and communicate energy use information. All meters must be compliant with NYISO requirements for the Emergency Demand Response Program (EDRP) and ICAP/SCR program.

Load Serving Entity (LSE) - Any entity authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply energy, capacity and/or ancillary services to retail end users located within the New York Control Area (NYCA), including NYISO direct customers.

Meter Service Provider - Entities approved by the New York State Public Service Commission to install electric meters used by Transmission Owners for billing purposes in New York State.

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NYISO - New York Independent System Operator.¹

NYISO's EDRP - New York Independent System Operator's Emergency Demand Response Program.¹

NYISO's ICAP/SCR - New York Independent System Operator's Installed Capacity/Special Case Resources Program.¹

NYISO's DRP - New York Independent System Operator's Demand Response Programs, including the Day Ahead Demand Response Program (DADRP), Emergency Demand Response Program (EDRP), Installed Capacity Program/Special Case Resources (ICAP/SCR), Unforced Capacity Program (UCAP), and virtual bidding.

NYSERDA Consultant - An engineering consultant under contract to NYSERDA to provide technical support and Field Verification services for this program.

Project - The implementation of demand reduction measure(s) at a Facility by an Eligible Contractor.

Qualifying Direct Load Control Project - An aggregated set of remote buildings that are outfitted with technology that allows for automated load shedding. All aggregated buildings must be controlled by a RIP when notified by the NYISO.

Qualifying Generators - Permanently installed, Facility owned/operated generators that demonstrate either by generator-specific manufacturer's data or through emissions testing, that NO_x emissions do not exceed the New Source Performance Standards (NSPS) for new installations or the emissions limits set forth in table C1 for existing units. The conducted emissions testing should be consistent with DEC regulations. Generators must use ultra-low sulfur fuel and be run only in response to a communication from NYISO's ICAP/SCR.

Responsible Interface Party (RIP) - An aggregator, authorized by the NYISO, to administer demand response resources under the Installed Capacity/Special Case Resource Program.

Steam or Gas Cooling Retention Projects - Projects that involve the substantial replacement of existing steam or gas powered cooling equipment with new, more efficient, steam or gas powered cooling equipment.

Summer Peak Demand Reduction Period - May 1 through October 31, Monday-Friday (excluding holidays) during the hours of 12:00 PM to 6:00 PM. This period may be adjusted on a case-by-case basis.

Technical Assessment (TA) - A site specific, engineering study describing the Permanent Demand Reduction, Load Curtailment/Shifting, and/or Distributed Generation, the methodology for determining kW demand reduction and kWh savings, including a summary of pre- and post- installation coincident kW demand and kWh use, and measure costs (see Appendix D).

Transmission Owner - The public utility or authority (or its designated agent) that owns infrastructure used for the transmission of energy in interstate commerce and provides transmission service under a New York PSC approved tariff.

Ultra Low-Sulfur Fuel (ULSF) - Distillate fuel oil having a sulfur content less than, or equal to, 30 parts per million by weight.

¹For more information about programs offered by the New York Independent System Operator, visit the NYISO website at www.nyiso.com

II. PROGRAM REQUIREMENTS - REIMBURSEMENT INCENTIVES

A. PERMANENT DEMAND REDUCTION (PDR)

1. Eligibility

- **Minimum Required Efficiency - All chillers must exceed ASHRAE 90.1 2004 by at least 2.0%.**
All motors installed must qualify as NEMA Premium Efficiency Motors. All other measures must exceed New York State Energy Code.
- Measures implemented under this component are to be installed and operational at the Facility for at least five years.
- New Construction is ineligible.
- Measures must be operational and reduce demand at a Facility during the entire Summer Peak Demand Reduction Period, consistent with the Facilities normal operating schedules.
- Measures must be hard-wired and activated in an automatic mode as an integrated function of the operation of the building systems or equipment.
- Heat island mitigation strategies that are building integrated, such as window film or reflective roof coatings are eligible measures.
- Window replacements are ineligible for funding.
- Lighting measures must be hard-wired installations. Screw-in lamps and/or screw-in ballasts, power quality and power factor improvements, and lighting power reducers are ineligible for funding.
- Lighting projects must replace, at a minimum, lamp and ballast.
- **Prescriptive lighting projects** may use a streamlined process described in section I.C.4
- Demand reductions resulting from the installation of fossil-fuel fired generators are ineligible for funding under this component.
- PDR measures resulting in increased Facility emissions will be considered on a case-by-case basis.
- Control systems such as variable frequency drives, energy management systems, demand limiters, neural net systems, or any other devices that achieve savings by controlling other equipment are ineligible for this component, but may be eligible for the LC/S component of this program.
- While cooling load reductions are inherent with some lighting upgrades and other efficiency measures, this interactive effect is not eligible for funding.
- **Steam or Gas Cooling Projects** are eligible for funding at an incentive level ranging from \$600/kW-\$1,000/kW, not to exceed the incremental cost of the steam or gas chiller as compared to a comparable electric chiller.

Incentives are as follows:

Steam or Gas Cooling Retention Projects: \$600/kW up to the incremental cost.

Electric to Steam or Gas Conversions with COP > 1.02 at full load: \$1,000/kW up to the incremental cost.

Electric to Steam or Gas Conversions with COP ≤ 1.02 at full load: \$600/kW up to the incremental cost.

- All Steam or Gas Cooling Projects must:
 1. be located within the Con Edison electric grid,
 2. calculate the avoided electric demand using a baseline chiller of 0.55 kW/ton for comparison,
 3. prepare the Technical Assessment (TA) to calculate the avoided kW and compare the cost of the electric alternative (including electric service upgrades) to the proposed gas or steam system,
 4. not be subject to a time of use steam rate,
 5. use the steam or gas cooling equipment in a manner reducing demand on the electric grid for a minimum of 5 years,
- Steam or Gas Cooling Retention Projects must represent a complete replacement or major renovation of the cooling system including, at a minimum, replacement of the compressor and steam turbine driveline, absorption chiller, or gas engine.

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- Steam Cooling Retention Projects using grid purchased steam must be granted a negotiated service agreement.
- All gas engine driven chillers must install 3 way catalysts for emissions reduction. Other emissions reduction equipment will be considered on a case-by-case basis.
- Two-Stage absorption chillers must meet the following criteria:
 - Chillers shall be delivered without lithium bromide.
 - A minimum of a five year service contract must be procured with the chiller vendor.
 - Tubes in concentrator shall be stainless steel or cupronickel.

2. Deliverables

- A completed Application (Appendix A, B1, utility bills, cut sheets)
- A TA conducted by the Contractor and approved by NYSERDA
- A Field Verification approved by NYSERDA
- An invoice approved by NYSERDA

3. Minimum Project Size

Unless otherwise approved, the minimum Project size is 20 kW. Contractors may not aggregate multiple Facilities to meet this.

4. Incentives

- Eligible Project Costs include engineering services, procurement and installation of capital equipment, or other NYSERDA approved expenses incurred to permanently reduce summer peak demand. Capital equipment, includes Facility improvements that result in reduced electric demand, cooling equipment, lighting equipment, motors, and other custom measures that reliably reduce demand coincident with the system peak.
- All demand reductions must reflect actual operating conditions, not nameplate data.
- All demand reductions must be calculated using a Diversity Factor. Demand reductions that do not occur continuously between the hours of 12:00 PM and 6:00 PM will be prorated accordingly [(kWh savings between 12PM and 6PM)/6 hours].
- Measures such as chillers, that are weather-dependent, must calculate the savings based on peak weather conditions.
- **Super Efficient Chiller Bonus** – All chillers eligible for the Peak Load Reduction Program must exceed ASHRAE 90.1 2004 standards by at least 2% at both full load and NPLV. Those that exceed this minimum efficiency may choose one of the two bonuses to add to the base incentive. No projects will be eligible for both bonus incentives. The Super Efficient Chiller Bonus can be used in combination with the PDR component of the Peak Load Reduction Program or Permanent Efficiency component of the Aggregated Load Reduction Program.

- a) **Full Load Based Bonus** - \$1,500/kW, using full load efficiency, for savings incremental to the minimum efficiency.

For example, if a building is installing a 1,000 ton chiller with a full load efficiency of .55 kW/ton, this would be eligible for a bonus. For this chiller, ASHRAE 90.1 2004 states that the full load efficiency must be .576 kW/ton. All chillers must exceed this by at least 2%, which is .564 kW/ton. The Full Load Based Bonus is calculated as follows, and then added to the base PDR incentive.

$$\text{Full Load Based Bonus} = [(\text{ASHRAE full load kW/ton}) \cdot .98 - (\text{Actual kW/ton})] \cdot (\text{tons}) \cdot \$1,500/\text{kW}$$

$$\text{Full Load Based Bonus} = (.564\text{kW/ton} - .55\text{kW/ton}) \cdot (1,000 \text{ tons}) \cdot (\$1,500/\text{kW}) = \$21,000$$

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- b) **NPLV Based Bonus** - \$175/kW, using NPLV, for savings incremental to the minimum efficiency. To qualify for this incentive, chillers must exceed ASHRAE 90.1 2004 NPLV standard by at least 25%.

For example, if a building is installing a 1,000 ton chiller with an NPLV of .38 kW/ton, this would be eligible for a bonus. For this chiller, ASHRAE 90.1 2004 states that the NPLV must be at least .550 kW/ton. All chillers must exceed this by at least 2%, which is .539 kW/ton. Since this chiller exceeds ASHRAE 90.1 2004 by at least 25%, it is eligible for the NPLV Based Bonus, which is calculated as follows and then added to the base PDR incentive.

$$\begin{aligned} \text{NPLV Based Bonus} &= [(\text{ASHRAE NPLV kW/ton}) * (.98) - (\text{Actual NPLV})] * (\text{tons}) * \$175/\text{kW} \\ \text{NPLV Based Bonus} &= (.539\text{kW/ton} - .38\text{kW/ton}) * (1,000 \text{ tons}) * (\$175/\text{kW}) = \$27,825 \end{aligned}$$

For Projects in the Con Edison Service Territory:

The lesser of 65 percent of Eligible Project Costs or \$600/kW of summer peak demand reduction. Those electric chillers that exceed the minimum required efficiency are eligible for \$1,500/kW for that portion of the load reduction incremental to minimum required efficiency.

Steam or Gas Cooling Incentives are as follows:

Steam or Gas Cooling Retention Projects: \$600/kW up to the incremental cost.

Electric to Steam or Gas Conversions with COP > 1.02 at full load: \$1,000/kW up to the incremental cost.

Electric to Steam or Gas Conversions with COP <= 1.02 at full load: \$600/kW up to the incremental cost.

For Projects Outside the Con Edison Service Territory:

The lesser of 65 percent of Eligible Project Costs or \$300/kW of summer peak demand reduction. Those electric chillers that exceed the minimum required efficiency are eligible for \$1,500/kW for that portion of the load reduction incremental to minimum required efficiency.

B. LOAD CURTAILMENT/SHIFTING (LC/S)

1. Eligibility

- All Facilities must be registered in the NYISO's ICAP/SCR program or an Hourly Pricing Program (HPP), and each Facility must be willing and technically capable of receiving, and responding to an event notification, or price signal. Applicants must show registration or proof of each Facility's participation for no less than two entire Summer Peak Demand Reduction Periods.
- Facilities participating in the ICAP/SCR program, must have the willingness and technical capability to curtail electric load at least 12 times, for a duration of no less than four hours per curtailment, for a total of no less than 48 hours over the Summer Peak Demand Reduction Period.
- Facilities participating only in Hourly Pricing Programs must control load in an automatic fashion and must shed loads at a price point of at most \$200/MWh to be eligible for funding under LC/S.
- The Project must include installed measures that enable curtailing or shifting electric use during the entire Summer Peak Demand Reduction Period.
- Demand reductions resulting from generation are ineligible for this component, but may be eligible under the DG component of this Program.
- The expenses for closing a Facility, the loss of revenue due to the closing of a Facility as a LC/S measure, and the additional staff costs incurred due to shifting operations to off-peak hours are ineligible.

2. Deliverables

- A completed Application (Appendix A, B3 and utility bills)

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- A TA conducted by the Contractor and approved by NYSERDA
- A Field Verification approved by NYSERDA
- Electronic confirmation of participation in NYISO's ICAP/SCR program, or proof of participation in an opt-in Hourly Pricing Program.
- An invoice approved by NYSERDA

3. Minimum Project Size

Unless otherwise approved by NYSERDA, the minimum Project size is 100 kW. Applicants are encouraged to aggregate Projects.

4. Incentives

Incentives will be paid to the Contractor, regardless of whether or not NYISO's ICAP/SCR Program is activated.

- Eligible Project Costs include engineering services, procurement and installation of capital equipment, metering equipment, and development of a curtailment plan. Capital equipment includes equipment that reduces electric demand, such as controls for heating, ventilation and air-conditioning (HVAC) equipment, lighting, process loads, motors, and motor drives. Other related expenses to develop and implement Projects will be considered on a case-by-case basis.
- The NYSERDA-funded kW demand reduction amount shall not exceed that which is registered with the NYISO or committed to reduce during high prices through an Hourly Pricing Program.
- Unless otherwise approved by NYSERDA, no Contractor will be allowed more than three HPP projects.
- Qualifying Direct Load Control Projects are eligible for up to 100 percent of Eligible Project Costs. This does not pertain to Contractors receiving the Controllable Appliance Aggregation Incentive.

For Projects in the Con Edison Service Territory:

The lesser of 65 percent of Eligible Project Costs or \$200/kW of summer load curtailment.

Qualifying Direct Load Control Projects are eligible for the lesser of 100 percent of Eligible Project Costs or \$200/kW of summer load curtailment.

For Projects Outside the Con Edison Service Territory:

The lesser of 65 percent of Eligible Project Costs or \$50/kW of summer load curtailment.

Qualifying Direct Load Control Projects are eligible for the lesser of 100 percent of Eligible Project Costs or \$50/kW of summer load curtailment.

C. DISTRIBUTED GENERATION (DG) (Demand Response Only)

1. Eligibility

- Eligible Projects can be either the installation of new generators or modifications to existing generators for use in NYISO's ICAP/SCR program (Base-loaded generators are ineligible).
- Contractors and Facilities should be aware that Department of Environmental Conservation (DEC) is continuing its process of revising regulations applicable to distributed generation resources. Generators that meet the requirements of this solicitation cannot assume that such units will meet pending or future regulatory requirements. NYSERDA may revise this solicitation based on the outcome of DEC's DG Rule.
- Only Qualifying Generators within the Con Edison service territory are eligible for incentives under the DG component.
- The Facility must be registered in the NYISO's ICAP/SCR program, and each Facility must be willing and technically capable of receiving, and responding to an event declaration from the NYISO. Contractors must show registration or proof of each Facility's participation for no less than two entire Summer Peak Demand Reduction Periods.
- The Project must be comprised of installed measures that enable generators to be operated **SOLELY** in response to a communication from NYISO's ICAP/SCR Program. Incentives are disallowed for generators that operate for more hours than that required for: ICAP/SCR events, testing and exercising of equipment, and replacement power when the normal source of supply is unavailable.

- All Generators must use Ultra Low-Sulfur Fuel.
- The Contractor must demonstrate either by generator specific manufacturer's data, or through emissions testing that NO_x and PM-10 emissions for existing generators do not exceed those listed in Table C1.
- **All new generator installations must meet federal New Source Performance Standard's (NSPS) for stationary sources.**
- Contractors must certify that all Facilities have received all required State and local permits or registrations necessary to operate the Qualifying Generator(s).

TABLE C1 - Existing Generator Emissions Limits

Microturbines	.54 g/bhp-h	Diesel Engines	7.5 g/bhp-h
Rich Burn Engines	2.0 g/bhp-h	Gas Turbines	50 ppmv @ 15% O ₂
Lean Burn Engines	3.0 g/bhp-h	Oil Turbines	100 ppmv @ 15% O ₂

2. Deliverables

- A completed Application (Appendix A, B4 and utility bills)
- A Technical Assessment conducted by the Contractor and approved by NYSERDA
- A Field Verification approved by NYSERDA
- Electronic confirmation of participation in NYISO’s ICAP/SCR Program
- An invoice approved by NYSERDA

3. Minimum Project Size

Unless otherwise approved by NYSERDA, the minimum Project size is 100 kW. Applicants are encouraged to aggregate Projects.

4. Incentives

- Eligible Project Costs include engineering services, procurement and installation of generators, metering, testing and tuning of emergency generators, improvements to reduce environmental impacts, incremental cost of Ultra Low-Sulfur Fuel or Biodiesel (a blend no less than B20), rewiring circuits, installation of transfer switchgear, environmental permitting, and implementation of dual-fuel options. Other related costs will be considered on a case-by-case basis.
- NYSERDA will calculate the incentive based on the actual load connected to the generator (as TA approved and field verified).
- The NYSERDA-funded kW demand reduction amount shall not exceed that which is registered with the NYISO.
- **Generator Trade in Bonus** – Those new generators that are replacing High Emissions Generators can qualify for additional funding.
 - This additional funding will be provided at a rate of \$50/kW. This bonus can be combined with other incentives available through this program or other NYSERDA programs, such as the Aggregated Load Reduction Program (RFP 967), provided the project meets all program requirements.
 - For the purpose of this bonus, a High Emission Generator is defined as one that emits more than 7.5 g/bhp-h of NOx.
 - Generators qualifying for this bonus must meet the Federal New Source Performance Standards, and must only be run in response to an ICAP/SCR event or for testing purposes.
 - High Emission Generators must be removed and decommissioned.

Only Projects in the Con Edison Service Territory are eligible and will receive incentives of:

The lesser of 65 percent of Eligible Project Costs or \$150/kW for Qualifying Generators.

D. INTERVAL METERS (IM)

1. Eligibility

- Contractors must show registration or proof of each Facility’s intent to participate for no less than two entire Summer Peak Demand Reduction Periods, in a Demand Response Program (DRP), Transmission Owner DR program or an opt-in Hourly Pricing Program, and that each Facility is capable of receiving, and responding to, a communication, or price signal.
- Interval Meters are to be operational at the Facility(ies) for at least two years.
- Interval Meters are to be used to enable and verify kW demand reductions for DRP or an opt-in Hourly Pricing Program for non-residential customers.

- Interval Meters installed at points other than the main electrical feed(s), generators, or installations of three or more meters at a single Facility must provide a Technical Assessment and must receive prior approval from NYSERDA.
- NYSERDA must be provided read-only access to data, for a minimum period of two years, to all Interval Meters funded by the Peak-Load Reduction Program. If read only access to the data is unavailable, quarterly submissions of metered data may be substituted.

2. Deliverables

- A completed Application (Appendix A, B5 and utility bills)
- Proof of participation in a DRP or an opt-in Hourly Pricing Program
- A username and password for NYSERDA to use to access metered data
- An invoice approved by NYSERDA

3. Minimum Project Size

The minimum Project size is 40 kW per meter.

4. Incentives

Eligible Project Costs are limited to the purchase and installation of individual metering systems that are connected to the following: 1) main electrical feeds (i.e. utility service entrance or master meter point), 2) equipment that can reasonably be curtailed, or 3) generators.

For Interval Meters Installed Statewide:

- Interval Meters coupled with a DR program are eligible for the lesser of 65 percent of Eligible Project Costs or \$1,500/meter.
- Interval Meters coupled with an Hourly Pricing Program are eligible for the lesser 100 percent of Eligible Project Costs or \$1,500/meter.
- All Interval Meters must be compliant with the NYISO regulations, as they pertain to NYISO's Demand Response programs.

III. PROJECT IMPLEMENTATION PROCESS

A. PDR, LC/S, AND DG PROJECTS AND IM PROJECTS CONSISTING OF THREE OR MORE METERS

Unless noted otherwise, each of the following steps must be completed to receive payment.

1. Applicant submits completed application to NYSERDA on or before June 30, 2008.
2. A NYSERDA Consultant will be assigned to the Contractor's Project at no cost to the Contractor. A NYSERDA Consultant is assigned to the Project to review demand reduction measures identified and recommended in the Technical Assessment and to complete a Field Verification. The NYSERDA Consultant will contact the Contractor.
3. The Contractor must submit a completed Technical Assessment within 70 days of PO date to their assigned NYSERDA Consultant for a review of technical accuracy. See Appendix D for Technical Assessment Outlines.
4. The NYSERDA Consultant reviews the Technical Assessment for technical accuracy and provides recommendations to the Contractor. It is the Contractor's responsibility to address and resolve all issues raised by the NYSERDA Consultant.
5. NYSERDA will notify the Contractor whether or not the Technical Assessment is approved. If approved, NYSERDA will issue a notice-to-proceed. **Any Contractor proceeding with implementation of the Project before receiving a notice-to-proceed from NYSERDA does so at its own risk.**
6. The Contractor implements the measures as specified in the approved Technical Assessment. Projects must be completed within 24 months of the Purchase Order date.
7. The Contractor contacts their assigned NYSERDA Consultant to schedule the post-installation Field Verification.
8. After Field Verification, all final deliverables shall be provided to the NYSERDA Consultant for a final approval recommendation to NYSERDA. Payment will be amended to reflect the final approved kW, provided sufficient funds still exist in the program.
9. Upon receipt of complete deliverables, the Contractor receives the incentive. Deliverables required in order to receive the incentive are outlined in each program component of PON 1097.
10. Contractor provides NYSERDA year end reports.

B. IM PROJECTS CONSISTING OF TWO OR LESS METERS

Each of the following steps must be completed to receive payment, if the Facility is installing less than three Interval Meters. If three or more Interval Meters are being installed at a single Facility, follow the steps outlined above in Section III (A).

1. Applicant submits completed application to NYSERDA on or before June 30, 2008.
2. The Contractor installs the Interval Meters and registers the facility in a DRP or opt-in Hourly Pricing Program.
3. The Contractor provides NYSERDA read-only access to metered data, vendor invoices and proof of participation in a DRP or opt-in Hourly Pricing Program.
4. Upon receipt of complete deliverables, the Contractor receives the incentive. Deliverables required in order to receive the incentive are outlined in the IM component in PON 1097.
5. Contractor provides year end reports and meter data access to NYSERDA for the following two years.

IV. REPORTING REQUIREMENTS

A. INTERMEDIATE REPORTS

For the LC/S, DG, and IM components, each time a Facility submits event performance data to the NYISO, a copy of that report shall be sent to the Peak Load Reduction Program at NYSERDA by the Contractor within 20 business days.

B. YEAR END REPORTS

By year's end for two years following project completion, each Contractor participating in this Program shall submit year end reports to NYSERDA. See Appendix F for the year end report format. Failure to provide all required reports will render the Contractor ineligible for NYSERDA's Peak-Load Reduction Program for anticipated future Peak Load Reduction Programs.

V. PROGRAM EVALUATION

NYSERDA requires Contractors participating in the Peak-Load Reduction Program to respond to surveys and to provide feedback through program evaluations to assess program effectiveness. Failure to cooperate with evaluations may result in ineligibility for NYSERDA programs.

VI. NON-COMPLIANCE

Contractors may be deemed to be in non-compliance with this program for any of the following: 1) Contractors fail to achieve at least 80 percent of demand reductions based on the final NYSERDA-approved encumbered incentive, 2) Contractors fail to submit the year end report as required in Section V, 3) Contractors fail to submit copies of NYISO DRP reports to NYSERDA as required in Section V, 4) Contractors have not complied with program requirements in a timely manner, or 5) Contractors have failed to cooperate with evaluations. Contractors deemed to be in non-compliance shall have their PO cancelled and shall become ineligible for any or all future Peak-Load Reduction programs.

VII. DISCLAIMER

NYSERDA's receipt and acceptance of the Technical Assessment shall not constitute any representation by NYSERDA as to the economic or technical feasibility, operational capability, or reliability of the information contained in the Technical Assessment. NYSERDA's payment of the incentive to the Contractor shall in no way represent an endorsement by NYSERDA of any findings or recommendations contained in such TA.

VIII. APPLICATION REQUIREMENTS

Applicants must fill out the Applicant Checklist (Appendix A) and the appropriate Facility Data Sheet(s) (Appendix B(s)), completely, leaving no blank information. This information will be used to determine program eligibility and the incentive award. For ease of use, the application package is also available on NYSERDA's website. Paper copies of application forms and the application checklist must contain an original signature. Applications aggregating two or more Facilities must list each Facility on separate application forms (B1, B2, B3, etc.), identifying the estimated summer peak demand reduction expected at each Facility. A Facility with multiple buildings may be aggregated into one Facility Data Sheet.

IX. GENERAL CONDITIONS

Proprietary Information - Careful consideration should be given before confidential information is submitted to NYSERDA as part of your proposal. Review should include whether it is critical for evaluating a proposal, and whether general, non-confidential information, may be adequate for review purposes.

The NEW YORK STATE Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for

records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSERDA that the proposer wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to except it from disclosure, including a written statement of the reasons why the information should be excepted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501.

Omnibus Procurement Act of 1992 - It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority- and women-owned business enterprises, as bidders, subcontractors, and suppliers on its procurement Agreements.

Information on the availability of New York subcontractors and suppliers is available from:	A directory of certified minority- and women-owned business enterprises is available from:
Empire State Development Division For Small Business 30 South Pearl Street Albany, NY 12245	Empire State Development Minority and Women's Business Development Division 30 South Pearl Street Albany, NY 12245

Contract Award - NYSERDA anticipates making multiple awards under this solicitation. It may award a contract based on initial applications without discussion, or following limited discussion or negotiations. NYSERDA may request additional data or material to support applications. NYSERDA expects to notify applicants in approximately four weeks from the receipt of application whether your application has been selected to receive an award.

Limitation - This solicitation does not commit NYSERDA to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. NYSERDA reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the solicitation when it is in NYSERDA's best interest.

Disclosure Requirement - The proposer shall disclose any indictment for any alleged felony, or any conviction for a felony within the past five years, under the laws of the United States or any state or territory of the United States, and shall describe circumstances for each. When a proposer is an association, partnership, corporation, or other organization, this disclosure requirement includes the organization and its officers, partners, and directors or members of any similarly governing body. If an indictment or conviction should come to the attention of NYSERDA after the award of a contract, NYSERDA may exercise its stop-work right pending further investigation, or terminate the agreement; the contractor may be subject to penalties for violation of any law which may apply in the particular circumstances. Proposers must also disclose if they have ever been debarred or suspended by any agency of the U.S. Government or the New York State Department of Labor.