CONTENTS

General Efficiency ........................................................................................... 3 - 4
Efficiency Auction. .......................................................................................... 5
Pre-Qualification Process .............................................................................. 6
Project Eligibility Program .......................................................................... 7
Program Details ............................................................................................ 8
Program Implementation .............................................................................. 9 - 10
Additional Information ............................................................................... 10
Contact Information .................................................................................... 11
I. GENERAL

Q: What is the Bid4efficiency Program?

The Bid4efficiency Program is an online reverse auction for financial incentives where pre-qualified customers and Solution Providers can submit bids to deliver energy savings at a price per annual kilowatt hour or a price per Watts reduced depending on the energy efficiency technology (ie. LED lighting). The Program provides financial incentives to the winners of a live, online auction that will run for approximately one to two days in which eligible customers or Solution Providers competitively bid for energy efficient incentives.

Q: What are the benefits of participation?

The Program provides participants the ability to lock in incentives for energy efficiency projects for the following year. Through the Program, pre-qualified bidders will be able to participate in an auction and bid on incentives for completion of energy efficiency projects. If successful in winning an auction, participants will:

• Receive incentives ranging from $50,000 to $500,000 for the completion of a single or multiple energy efficiency project(s) with no $25,000 per project incentive threshold. (Efficient Products and Process Efficiency projects are capped at $25,000 incentive amounts).

• Receive up to $5,000 in co-branded marketing funding from AEP Ohio for approved marketing activities.

Q: How is the 2017 – 2018 Bid4efficiency different than program that was offered last year?

Solution Providers can receive up to $5,000 in co-branded marketing funding from AEP Ohio for approved marketing activities.

• Have the potential to receive a bonus incentive of $0.005 per kWh saved by implementing energy efficiency projects that achieve 80% or more of a bidder’s total awarded auction incentive amount. The 80% is drawn down from incentives delivered above the $25,000 per project threshold.

• Reserve funds for projects that will be completed in the future to overcome internal hurdle rates and for incorporation in capital planning processes.

• Receive up to $5,000 in co-branded marketing funding from AEP Ohio for approved marketing activities.
I. GENERAL CONTINUED

Q: Who can participate in the Bid4efficiency Program?

Non-residential AEP Ohio customers, located within the state of Ohio and registered Solution Providers may be pre-qualified to participate in the efficiency auction for energy efficiency incentives. If you are not a registered Solution Provider please contact us to become registered.

Q: Are there any costs associated with participating in the Bid4efficiency Program?

No. There is no fee associated with participating in the Program.

Q: Why would Solution Providers or customers participate in the Bid4efficiency Program instead of participating in AEP Ohio's standard program?

Solution Providers or customers can “lock in” incentives for projects they plan on implementing the following year. Bid4efficiency winners will not be subject to the $25,000 per project incentive threshold the programs will have in 2018.

Also, bidders will have the potential to receive a bonus incentive of $0.005 per kWh saved by implementing energy efficiency projects that achieve 80% or more of a bidder’s total awarded auction incentive amount.

Solution Providers can also receive up to $5,000 in co-branded marketing funding from AEP Ohio for approved marketing activities.
II. EFFICIENCY AUCTION

Q: What is an efficiency auction?

An efficiency auction is a type of reverse auction in which the role of the buyer and seller are reversed, with the primary objective to drive purchase prices downward. The Pre-Qualified Bidders compete by offering progressively lower rates on a price per annual kilowatt hour or a price per Watts reduced basis until no Pre-Qualified Bidder is willing to make a lower bid.

Q: How will the online auction work?

During the live auction, Pre-Qualified Bidders will be logged into an online platform and will actively submit bids to compete for the energy efficiency incentives. The auctions will start at an established bid ceiling price and Pre-Qualified Bidders will bid down on this price at predefined decrements.

Pre-Qualified Bidders will be able to see whether or not they are winning in that particular auction. At the end of the auctions, the bidders with the lowest price per annual kilowatt hour or price per Watts reduced bids are considered the winners of that auction and are then tasked with implementing project(s) that achieve energy savings.

Q: When will the auction be held?

The first auction event is currently scheduled for Friday, October 20, 2017 and the series of auctions in the event will end Tuesday, October 24, 2017. Each auction will run for a duration of 30 minutes. Details will be provided to the Pre-Qualified Bidders after they have been notified of their pre-qualification. Additional auctions may be held in 2018 and details will be released at a later date.

Q: In what units of measure will the auctions be conducted?

The efficiency auctions will be conducted in either a price per annual kilowatt hour or price per Watts reduced basis for lighting within the auction in which you are bidding.
III. PRE-QUALIFICATION PROCESS

Q: How do I know if I am eligible to participate in the Bid4efficiency Program?

Under the Bid4efficiency Program, eligible Bidders may be (1) Solution Providers, companies registered with AEP Ohio to offer energy efficiency services to non-residential customers, or (2) non-residential customers of AEP Ohio that choose to participate in the auction and bid on energy efficiency incentives to be applied to projects in their own facilities. Customers must have an annual energy consumption of 200,000 kWh or more to be eligible for the program. Also, participating bidders must attend one of the mandatory training webinars and “mock auctions” to be eligible to participate in the live auction events.

Q: How will applicants submit their response to the RFQ?

The submittal must be received by 5:00 PM Eastern Time on September 20, 2017. RFQ responses must be submitted in a PDF format to the Bid4efficiency Program email address aepohio@bid4efficiency.com. A notice of receipt will be provided for.

Q: Are public sector entities eligible to participate in the Bid4efficiency Program?

Yes, public sector entities are eligible to participate in the Bid4efficiency Program as a customer as described above.

Q: Is a customer that is served by a municipal power entity that purchases power from AEP Ohio eligible to participate in the Program?

No. Customers have to be a distribution customer of AEP Ohio.

Q: What is the pre-qualification process?

Customers and Solution Providers interested in participating in the first efficiency auction must respond to the Program’s Request for Qualifications (RFQ) by September 20, 2017. Only Pre-Qualified Bidders will be able to participate in the online efficiency auction and will be given a login and password.

Q: What are the insurance requirements for Solution Providers under the Bid4efficiency Program?

Under the Bid4efficiency Program, Solution Providers must ensure they have the insurance necessary to perform their work and be compliant with any local, state or federal requirements.

Q: How will the responses to the RFQ be reviewed?

The RFQ responses will be reviewed by the program advisor to determine whether the Solution Provider has:

- Eligible energy efficiency project(s)
- Experience in implementing energy efficiency projects
- An implementation strategy
IV. PROJECT ELIGIBILITY

Q: What are examples of eligible projects?

To be eligible you must be an AEP Ohio customer that uses over 200,000 kWh per year or a registered Solution Provider that will do work for a customer who meets the above threshold. Potential projects may include, but are not limited to:

1. Chilled Water Systems
2. Compressed Air
3. Energy Management Systems / Building Controls
4. HVAC Projects
5. Lighting and Lighting Control/Sensors
6. Motors and Pumps
7. Refrigeration
8. Variable Frequency Drives
9. Process Improvement Projects

Q: What are examples of ineligible projects?

The following types of projects are not eligible under the Bid4efficiency Program:

1. Projects at facilities not served by AEP Ohio.
2. Projects with a simple payback of less than 1 year.
3. Projects that result in electric energy savings due to fuel switching (i.e. electric to gas).
4. Projects that result in savings by the removal or termination of existing processes, facilities and/or operations.
5. Projects involving renewable energy technologies.

Q: If a project is submitted to one of AEP’s other energy efficiency programs, can it be submitted to the Bid4efficiency Program as well?

The same project cannot be funded by two different AEP Ohio efficiency programs. However, customers that choose to participate in the Bid4efficiency Program and are unsuccessful during the auctions will be offered a default incentive rate that will be 10-20% less than the lowest winning bid rate. This rate will be determined at the sole discretion of AEP Ohio after the closing of the auctions. Any other projects can pursue incentives through the Prescriptive & Custom Programs.

Q: Are projects that are already in the implementation phase eligible to participate in the Bid4efficiency Program?

If project(s) are in the implementation phase, this should be specified in the response to RFQ. AEP Ohio will analyze each of these situations on a case by case basis and reserves the right to refuse any entity that applies to the Program.

Q: Can Solution Providers bundle projects from different customers and submit them to the Bid4efficiency Program?

If a Solution Providers submits project(s) with different customers, each of the customers must meet the 200,000 kWh per year usage requirement.
V. PROGRAM DETAILS

Q: Can pre-qualified bidders participate in more than one auction block?

Yes. It is the intent of the Program that different auctions for varying award amounts and types of technologies will be held consecutively during the same auction. Bidders can participate in as many auctions as they choose, but once a bidder has one an auction they are excluded from participating in any future auction for that given program year.

Depending on a given bidder’s past history in delivering energy efficiency projects either through the Bid4efficiency program or other AEP Ohio commercial incentive program, some bidders may be limited to the number or size of auctions in which they may bid. AEP Ohio will inform each individual bidder prior to the auctions if they are constrained to the number or size of auctions.

Q: How should bidders decide in which auction block to participate?

Solution Providers and customers should have an understanding of

1. Each bidder is limited to only one auction win
2. the incentive amount that they require to overcome internal financial hurdles to move the project to implementation;
3. the estimated amount of kWh energy savings the project(s) will provide;
4. the type of technology being sold.

These four variables should be considered and incorporated into the bidder’s strategy at the time of the auction.

Q: How can an Awardee calculate energy savings that have to be achieved under the Program?

To calculate the energy savings (kWh) that must be achieved for a block of auction funds, an Awardee should divide the amount of financial incentives awarded in the auction block by the winning bid price ($/kWh). For example, an Awardee with a winning bid of $0.05/kWh in a $350,000 auction block will be required to deliver projects equivalent to 7,000,000 kWh in energy savings ($350,000 divided by $0.05/kWh). Some of the other auctions may be calculated differently. Please contact the program administrator for further questions.

The online platform that will be used at the time of the live auction will automatically calculate these numbers for the bidders.

Q: Can financial incentives from the Bid4efficiency Program cover the entire project cost?

No, the project incentive is capped at 50% of the total project cost, which is higher than other programs. The total project cost includes labor and materials.
VI. PROGRAM IMPLEMENTATION

Q: What will happen after Solution Providers or customers win an auction?

Awardees will move forward to the project implementation phase and will be monitored during the development of their project(s) to guarantee they are being implemented and funds are being spent at a sufficient pace. This process will include, but is not limited to, brief monthly progress reports and check-in calls.

If the Awardee is not making any progress toward project completion or fails to submit a pre-application, AEP Ohio reserves the right to rescind the Awardee’s committed funds and reallocate them to another auction event or other successful bidders that have used their awarded funds.

Q: How long will it take to get approval for a project(s) once an auction has been won?

AEP Ohio will typically approve projects and RFQ eligibility within two to three weeks of submittal.

Q: Is there a deadline to complete energy efficiency project(s)?

Yes. Energy efficiency projects receiving funds through this Program must be completed before the 2018 Program year end (date TBD). If a pre-approved project will not be completed within this timeframe, the Awardee may request an extension from AEP Ohio.

In addition, projects that are scheduled to finish after the 2018 Program year end may be submitted through the RFQ process for consideration, however, they may require approval by the Public Utilities Commission of Ohio.

Q: Are there incentives for projects that will be completed in 2017?

If you win an auction(s) in October for 2018 projects and the project will be completed prior to 2018, please let AEP Ohio know and we will look at these situations on a case by case basis.

Q: Is the 1-year payback calculated before or after the rebate?

It is calculated before the rebate.
VI. PROGRAM IMPLEMENTATION CONTINUED

**Q: Are Solution Providers or customers penalized if they do not meet accorded kWh energy savings?**

There is no financial penalty. However, if Solution Providers or customers do not meet their annual kilowatt hour saved or Watts reduced energy savings goal, AEP Ohio reserves the right to reallocate any unused awarded funds to a future auction event or to other successful bidders.

Also, Solution Providers or Customers who do not meet their annual kilowatt hour saved or Watts reduced energy savings goal may be limited to the size and number of auctions in which they may bid for the 2019 program year.

VII. ADDITIONAL INFORMATION

**Q: What happens if I do not win an auction?**

A default incentive rate will be provided to customers and solution providers that are not awarded a bucket. This default incentive rate will be 10-20% less than the lowest winning bid and will be determined at the sole discretion of AEP Ohio after the closing of the last auction.

AEP Ohio also has a comprehensive portfolio of incentive programs for business customers. If you do not qualify for an auction, or if you are not a successful bidder, we will direct you to additional resources for which you may qualify.

**Q: How will the final incentive payment be calculated and when will it be granted to Awardees?**

The final incentive payment will be awarded after AEP Ohio has estimated and verified the amount of annual kilowatt hours saved or Watts reduced by a project. AEP Ohio and its designated representatives reserve the right to monitor energy use/production prior to and after installation of the project or to perform an inspection of project records or the project itself to evaluate program efficacy after receipt of incentive payment.
For any questions related to the process or program, please contact us at aepohio@bid4efficiency.com or by calling Customer Service at 800-782-0719.

Visit our website for more information: www.aepohio.com/bid4efficiency