

EM&V Plan and Timeline

The Company strives to provide useful, impactful and cost effective programs. Ongoing analysis of programs performance through Evaluation, Measurement & Verification (EM&V) is an important aspect to that end. Approximately but not more than six percent 6% of the three-year MEEIA Programs' costs budget will be spent for EM&V. The Company will work with the stakeholder group to develop an evaluation plan to determine how best to allocate and utilize the EM&V budget. The plan will address three main areas, process evaluation, impact evaluation and cost effectiveness.

The following overall timeline and process described below will be used for EM&V reports:

EM&V reports will be completed for each year of the three-year MEEIA program cycle. One hundred and twenty days after the end of each program year, the EM&V contractor will circulate a draft EM&V report to all stakeholders participating in the stakeholder group and the Commission's independent EM&V Auditor ("Auditor"). This provision does not affect the requirement in the MEEIA rules for the EM&V contractors to provide copies of draft EM&V reports to stakeholders participating in the stakeholder group at the same time the draft reports are provided to the Company.

Sixty days after circulation of the draft EM&V report, the Auditor and each stakeholder group participant will provide any comments and recommendations for report changes to the EM&V contractor and to all other stakeholder group participants and the Auditor. The Signatories recognize there is a benefit to providing comments as early as possible, as providing comments and recommendations earlier to the EM&V contractor will allow for more time for the incorporation of comments and changes into subsequent drafts and the Final Report.

Prior to issuing the Final Draft EM&V Report, the EM&V contractor will host at least one meeting with the Auditor and the stakeholder group participants to discuss the comments and recommendations for report changes. The EM&V contractor will determine what comments and/or changes are incorporated into the Final Draft EM&V Report. Thirty days after the deadline for comments and recommendations for report changes, a Final Draft EM&V report will be provided to all stakeholder group participants and the EM&V Auditor by the EM&V contractor.

Any stakeholder group participant that still has concerns with the Final Draft EM&V Report will simultaneously provide the Company, all participating stakeholders, the EM&V Auditor, and the EM&V contractor any comments within twenty days from issuance of the Final Draft EM&V Report. The EM&V contractor will meet at least once (likely by phone) with the commenting stakeholder and any stakeholder group participants within ten days of receipt of comments to attempt to resolve the stakeholder concerns prior to issuance of the Final EM&V Report. Following any final meetings to discuss outstanding comments, the EM&V Contractor will issue a Final EM&V Report within fifteen days simultaneously to the Company, all stakeholder group participants and the EM&V Auditor. Ten days following the Final EM&V report, the Commission's Auditor will issue its final report.

Any stakeholder group participant which wants a change to the impact evaluation portion of the Final EM&V Report will have twenty one days from the issuance of the Final EM&V Report to file a request with the Commission to make such a change ("Change Request"). Any stakeholder group participant filing a Change Request will set forth all reasons and provide support for the requested change in its initial Change Request filing. Responses to a Change Request may be filed by any stakeholder group participant and are due twenty one days after the Change Request is filed. The response should set forth all reasons and provide support for opposing or agreeing with the Change Request. Within two business days after the deadline for filing a Change Request (if a Change Request is filed) the Signatories agree that the stakeholder group participants will hold a conference call/meeting to agree upon a proposed procedural schedule that results in any evidentiary hearing that is necessary to resolve the Change Request to be completed within sixty days of the filing of the Change Request,

and which will recommend to the Commission that the Commission issue its Report and Order resolving the Change Request within thirty days after the conclusion of such a hearing. The Signatories anticipate a hearing with live testimony may be required to resolve a Change Request, but if a hearing is not required, they agree to cooperate in good faith to obtain Commission resolution of a Change Request as soon as possible. The Signatories will be parties to a Change Request resolution proceeding without the necessity of applying to intervene. The procedural schedule for such a Change Request proceeding will provide that data request objections must be lodged within seven days and responses will be due within ten days (notifications that additional time is required to respond will also be due within seven days).

All signatories agree to accept the impact evaluation energy and demand savings (kWh and kW) estimates of the Final EM&V Report, as it may be modified by the Commission's resolution of issues in a non-appealable Order related to the impact evaluation portion of the Final EM&V Report, for purposes of calculating achievements towards targeted net energy and demand savings Earnings Opportunities.

Table 1 Annual EM&V Timeline (2016 Program Year example)

| # of Days | Projected Date | Description |
|-----------|----------------|---|
| | 12/31/2016 | Program Year Ends |
| | | |
| | 1/1/2017 | EM&V Analysis Starts |
| | | |
| 120 | 4/30/2017 | EM&V Draft Completed |
| | | |
| 60 | 6/29/2017 | Stakeholder comments due |
| | | |
| | TBD | Stakeholder meeting |
| | | |
| 30 | 7/29/2017 | Final Draft Report Due |
| | | |
| 20 | 8/18/2017 | Stakeholder comments to Final Draft Report are due to the Company, all participating stakeholders, EM&V Auditor and EM&V contractor |
| | | |
| 10 | 8/28/2017 | EM&V contractor initiated conference call with the stakeholder group and EM&V auditor regarding stakeholder comments |
| | | |
| 15 | 9/12/2017 | Final EM&V Report due |
| | | |
| 10 | 9/22/2017 | Final PSC Auditor Report due |
| | | |
| 21 | 10/3/2017 | Grace period to file with Commission to request impact change |
| | | |
| 5 | 10/8/2017 | Conference call if needed |
| | | |

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|-----|------------|---|
| 21 | 10/24/2017 | Stakeholder group responses to impact change requests to Commission are due |
| 60 | 12/2/2017 | Evidentiary hearings complete |
| 30 | 1/1/2018 | Commission Order resolving change requests |
| 365 | 1/1/2018 | EM&V Results Final |

EM&V use in the Throughput Disincentive Adjustment Calculation

EM&V will be used for the calculation of the true-up of the Throughput Disincentive (both Ex Post Gross and Net to Gross adjustments subject to a floor and a cap) for the purposes of determining Net (kWh and kW) savings attributed to the programs during the three year cycle. For more details on the detailed mechanics of the Throughput Disincentive true-up calculation refer to (Stipulation Paragraph 9).

Each year the EM&V contractor will calculate the Ex Post Gross program impacts (kW and kWh) and provide recommendations to update the Technical Resource Manual on a prospective basis only.

Also, for the purposes of calculating the Throughput Disincentive, any measure installed after a shift in baseline conditions will reflect the baseline shift in the net kWh and kW savings attributable to that measure. The baseline shift will not apply to net kWh and kW savings attributable to any measure installed prior to the baseline shift. For example, if the baseline conditions for LED bulbs change in 2017, the Company would continue to calculate net kWh and kW savings over the entire life of the LED bulbs installed in 2016 at the original baseline conditions. However, any LED bulbs installed in 2017 or later would use the new baseline for net kWh and kW savings for the purposes of calculating the Throughput Disincentive.

EM&V use in the Earnings Opportunity Calculation

EM&V will be used for the calculation of Earnings Opportunity for the purposes of determining the Net (kWh and kW) savings attributed to the programs during the three year cycle. For more details on the detailed mechanics of the Earnings Opportunity calculation refer to Appendix B of Stipulation and Agreement.

Each year the EM&V contractor will review the gross program impacts and provide recommendations regarding the adjustment of gross energy and demand savings. This review will help the Company improve the design and delivery of the energy efficiency programs. At the end of the three-year MEEIA cycle the EM&V contractor will determine the net energy and demand savings which the Company will use to calculate the Earnings Opportunity.

Also, for the purposes of calculating the Earnings Opportunity, any measure installed after a shift in baseline conditions will reflect the baseline shift in the net kWh and kW savings attributable to that measure. The baseline shift will not apply to net kWh and kW savings attributable to any measure installed prior to the baseline shift. For example, if the baseline conditions for LED bulbs change in 2017, the Company would continue to calculate net kWh and kW savings over the entire life of the LED bulbs installed in 2016 at the original baseline conditions. However, any LED bulbs installed in 2017 or later would use the new baseline for net kWh and kW savings for the purposes of calculating the Earnings Opportunity.

Table 2 Evaluation, Measurement & Verification Update Status of Inputs to Establish Earnings Opportunity and Throughput Disincentive Adjustment

| Earnings Opportunity and Throughput Disincentive Inputs Status | | | |
|--|--|--|---|
| Category | When is it updated? | Who updates? | Description |
| Net kWh/kW Savings | Ex Post Gross evaluated savings calculated after each of the 3 program years. Net to Gross Ratio savings calculated after the 3 year program cycle – excludes baseline shifts that occur after the date that the measure is installed | Initially developed by EM&V Contractor subject to feedback from parties in case and approval from commission | Ex Post Gross Energy and demand savings per measure. Net Savings = NTG Ratio * Ex Post Gross Savings |
| Net To Gross (“NTG”) Ratio | Annually by measure | Initially developed by EM&V Contractor subject to feedback from parties in case and approval from commission | NTG Ratio = 1 - Free ridership rate + participant spillover rate + non-participant spillover rate |
| Technical Resource Manual (“TRM”) | No later than 24 months from commencement of Plan Annually on prospective basis only | Company | Listing of annual kWh/kW measure savings |
| Earnings Opportunity Award | After the 3 year program cycle post EM&V | Company including data (Net kWh/kW savings) provided from EM&V contractor | See Appendix B to Stipulation |
| Throughput Disincentive Ex Post Gross Adjustment | After the 3 year program cycle post EM&V | Company | TD recalculation using the normalized savings for each measure at customer meter per measure determined through EM&V ex-post gross analysis for each program year less TD calculation using TRM |
| Throughput Disincentive Net to Gross Adjustment | After the 3 year program cycle post EM&V | Company | TD recalculation using the NTG determined through EM&V for each program year less TD calculation using the NTG Factor of 0.85 |