

**UNITIL ENERGY SYSTEMS, INC**  
**Combined Heat and Power Pilot Measure**  
**Docket No. De 12-262**

**Overview & Summary**

The UES Combined Heat and Power (“CHP”) Pilot Measure will give Commercial and Industrial (“C&I”) customers an opportunity to take advantage of a highly efficient technology and will permit UES to encourage the technology and study its implications. CHP systems reduce electricity (kWh and kW) requirements while capturing waste energy to be used for building conditioning or industrial processes. Fuel sources include (but are not limited to) natural gas, methane, oil, diesel fuel, and biomass.

UES has had the opportunity to participate in Combined Heat and Power (“CHP”) as a measure in Massachusetts and seeks to apply its knowledge and experience in a CHP Pilot Measure in New Hampshire. The pilot would add a measure to the Commercial & Industrial rebate programs and would not result in any change to the budgets approved in Order No. 25,462. Participating businesses would have to be UES electric customers.

The pilot measure has a number of goals:

1. Help to develop a market for CHP in New Hampshire by marketing the technology to customers with heat and/or hot water needs that are aligned with a CHP installation.
2. Screen projects to determine if they pass the Total Resource Cost test.
3. Assess actual performance of installed systems and compare actual results to proposed energy savings and fuel usage.
4. Encourage CHP in New Hampshire while limiting the size of the Pilot by capping the total amount available at \$100,000.
5. Advise customers to participate in ISO-NE’s demand response program by using the equipment as a critical peak asset.

**Implementation & Delivery**

If approved, the CHP Pilot Measure will be added to the list of measures available for the C&I Programs (both Large and Small). The PILOT measure would be available for one or two installations during the 2013-2014 CORE program period.

**Rebate Amount.** Rebates will be calculated at up to 35% of the installed cost of a CHP system.

**Project Selection.** Projects will be selected via a request for proposal (“RFP”) process. Selection criteria will include, but are not limited to:

- Total Resource Cost (“TRC”) Benefit/Cost ratio;
- Funding requirements;
- Capital availability;
- Willingness and ability to work with an M&E contractor;
- Engineering and installation contractor experience; and
- Other relevant elements.

Project(s) which are preliminarily selected will then be reviewed by a third party before final selection.

**Post-Installation Assessment.** An M&E contractor will analyze the success of the installation, including an assessment of actual results compared with estimated savings.

#### **Measures of Success**

Success factors for this pilot measure include attainment of customer participation, understanding of estimated savings and fuel usage, high customer satisfaction ratings, and acceptable M&E results.