

## APPENDIX F – ON-BILL TARIFF RULES AND REGULATIONS

### I. PURPOSE

This Appendix F states the Cooperative's General Rules and Regulations for Customers participating in the Cooperative's On-Bill Tariff program. If a provision in the Cooperative's overall Terms and Conditions for Providing Electric Distribution Service conflicts with a provision in Appendix F, the provision in Appendix F will control with regard to those Customers who have voluntarily elected to participate in the On-Bill Tariff program.

### II. APPLICABILITY

This Rider is available on a voluntary basis as a companion rate to certain Customers for the purposes of improving resource efficiency and reducing net electric bills. This Rider is available to Customers taking service under Rate Schedule A-1 (Residential and Church Service) in all territory served by the Cooperative, subject to the Terms and Conditions of the Cooperative on file with the Virginia State Corporation Commission.

### III. DEFINITIONS

Contractor Agreement: Means an agreement between an eligible customer and Approved Contractor that provides the terms, conditions, and cost sharing arrangement, including but not financing terms, of the installation of Energy Efficiency Measures at a premises. The Contractor Agreement shall be negotiated and signed by the eligible customer and Approved Contractor.

Energy Efficiency Measures: Means any installation, improvement, addition, or equipment approved by the cooperative for purpose of its on-bill tariff program that has the primary purpose of improving the energy efficiency of the premises and reducing its consumption of energy, including heating and air conditioning systems, water heaters, weatherization, insulation, window and door modifications, appliances, and automatic or Internet-connected energy control systems.

On-Bill Tariff Agreement: Means an agreement between an eligible customer and the Cooperative that provides for the terms, conditions, payments, and costs, including financing or capital costs, of the installation of Energy Efficiency Measures at a premises to be paid by or through the cooperative and repaid by the eligible customer and subsequent customer at the same premises by means of an Energy Savings Charge, and defines any other customer benefits and obligations and duration of payments.

On-Bill Tariff Program: Means a voluntary tariff program that allows eligible Customers (i) to arrange through the cooperative for its provision and installation, including by Approved Vendors, from which Customers can choose, of Energy Efficiency Measures at the Customer's premises without an upfront payment and (ii) to pay back over time the cost of the Energy Efficiency Measures through a Energy Savings Charge.

Program Costs: Means a participating cooperative's (i) identified, projected, and actual costs to design, implement, and operate its On-Bill Tariff program, including costs to request and evaluate vendor proposals and manage the vendors; (ii) administrative, labor, and marketing charges; (iii) costs of obtaining funds used by the cooperative to pay for the Energy Efficiency Measures; (iv) write-offs for unpaid Energy Savings Charges after reasonable collection efforts in accordance with the existing Terms and Conditions of the Cooperative; and (v) reasonable margin. The Cooperative will add a 3% charge per annum on the value of the Energy Efficiency Measures for each Participant to cover the Cooperative's costs for designing, implementing, and operating the On-Bill Tariff Program. However, the Cooperative opts not to impose a margin on the costs of this program.

Satisfactory Installation: A project for which the Energy Efficiency Measures specified in the On-bill Tariff Agreement as determined by the Program Operator have been approved as complete and for which the premises Owner has signed a Work Acceptance Form.

#### **IV. RULES FOR PARTICIPANTS AND PROGRAM ADMINISTRATOR**

1. Eligible Premises: Premises constructed within five years prior to the Customer's request to participate in the Program or are under initial construction are not eligible premises. Premises deemed unlikely to be habitable or to serve their intended purpose for the duration of Cooperative's cost recovery are not eligible premises unless repairs are made that will extend the life through the Cooperative's cost recovery period. If a premise is a manufactured home, it must be built on a permanent foundation and fabricated after 1982.
2. Eligible Customer: means a Customer receiving service from a Cooperative under Rate Schedule A-1 (Residential and Church Service) and A-1-P (Prepaid Electric Service) in all territory served by the Cooperative, subject to the Terms and Conditions of the Cooperative on file with the Virginia State Corporation Commission, who has asked to participate in the cooperative's On-bill Tariff Program. It shall not be a requirement that the structure be all-electric.
3. Program Operator: Cooperative may operate the program directly with its own staff resources or hire or designate an experienced Program Operator to

implement the program.

4. Participation: To become a Participant in the Program, a Customer must: 1) request from the Cooperative an Assessment of an eligible premise, 2) agree to the terms of and sign the On-Bill Tariff Agreement, and 3) agree to the terms of and sign the Contractor Agreement. Participants must either own the premises or the premises' owner must sign an Owner Agreement agreeing to not remove or damage the installed Energy Efficiency Measures, to maintain them, and to provide Notice of the benefits and obligations associated with the installed Energy Efficiency Measures at the location to the next owner or Customer before the sale or rental of the property.
5. Notice of Tariff Charge: The owner of the premises at which the Cooperative will implement the Energy Efficiency Measures agrees to allow the Cooperative to attach a Notice of Tariff Charge to their property records through the signed On-bill Tariff Agreement that describes the benefits and obligations associated with the installed Energy Efficiency Measures. In jurisdictions in which the Cooperative cannot attach a Notice of Tariff Charge to property records, and in any case where a subsequent tenant executes a rental agreement, the Notice of Tariff Charge must be signed by a successor Customer who is a purchaser prior to their purchase or renter prior to signing a rental agreement indicating they were informed about the benefits and obligations associated with the installed measures at the location. Failure of the owner to obtain the signature on the Notice of Tariff Charge may constitute the owner's acceptance of consequential damages and permission for a tenant or purchaser to break their lease or sales agreement without penalty.
6. Assessment: The Cooperative will provide offers of Energy Efficiency Measures based on its detailed on-site data collection and analysis of the cost-effectiveness of qualifying Energy Efficiency Measures and will present a detailed description of the Energy Efficiency Measures and associated costs directly to the Customer.
7. Assessment Fee: The Assessment fee will be treated as Program Costs and will not be recovered from the Customer.
8. Energy Efficiency Plans: The Cooperative or its designee will perform an Assessment and prepare an Energy Efficiency Plan that recommends a suite of Energy Efficiency Measures to improve energy efficiency and lower the Customer's electric bill. Energy Efficiency Measures may include any installation, improvement, addition, or equipment approved by the Cooperative for purpose of its On-Bill Tariff Program that have the primary purpose of improving the energy efficiency of the premises and reducing its consumption of electricity, including heating and air conditioning systems, water heaters, weatherization, insulation, window and door modifications, appliances, and automatic or Internet-connected energy control systems, as well as any other measure or upgrade that meets the 80% rules described in Sections 9 ("Net Savings") and 13 ("Incentive Payment") of the Terms and

## Conditions of the On-Bill Tariff Program.

9. Net Savings: The Energy Efficiency Measures that the Cooperative recommends to the Participant will be limited to those where the annual Energy Savings Charge, including program fees and applicable charges for capital, is no greater than 80% of the estimated annual electric bill savings (as a result of the Energy Efficiency Measures taken as a whole) to a participating Customer based on the retail rates for electricity at the time that the Cooperative compiles the recommendations (also known as the “80% rule”).
10. Incentive payment: The Cooperative will offer incentives currently available to Customers of the Cooperative for any eligible Energy Efficiency Measure to lower Energy Savings Charge for Participants.
11. Approved Contractor: A contractor approved by the Cooperative or its designee to install Energy Efficiency Measures according to the Energy Efficiency Plan and assigned by the Cooperative or its designee or selected by the Customer from a list of Approved Contractors.
12. Quality Assurance: Following the completion of installation of Energy Efficiency Measures, the Cooperative or its designee will conduct on-site or remote inspection and execute a signed Work Acceptance Form before authorizing payment to the Approved Contractor. The Participant must also sign the Work Acceptance Form prior before the Cooperative authorizes payment to the Approved Contractor. If the Participant refuses to sign the Work Acceptance Form, the Cooperative or its designee will perform an investigation. If the Cooperative or its designee does not approve the installation of the Energy Efficiency Measures, the Approved Contractor must correct the deficiencies (as identified by the Cooperative or its designee) at no additional cost to the Cooperative or the Participant and pay the failed inspection penalty fee.
13. Energy Savings Charge: The Cooperative will recover its costs for its investments including any fees as allowed in this tariff through a monthly Energy Savings Charge assigned to the premises where installed Energy Efficiency Measures are installed. Energy Savings Charges will be paid by the Participant or successor Customers occupying that location until all Cooperative costs have been recovered. The Energy Savings Charge will also be set for a duration not to exceed the greater of i) the length of a full parts and labor warranty or ii) 80 percent (80%) of the estimated life of the installed Energy Efficiency Measures. The Energy Savings Charge and duration of payments will be included in the On-Bill Tariff Agreement. Payments of Energy Savings Charges made by Participants or subsequent Customers shall be retained by the Cooperative and amounts credited against the appropriate category of Program Costs in the manner determined by the Cooperative. The financing interest rate or cost of capital included in the Energy Savings Charge specified in the On-Bill Tariff Agreement shall be less than prevailing market rates.

14. Tied to the Location: Until cost recovery for installed Energy Efficiency Measures at a location is complete or the installed Energy Efficiency Measures fail as described in Sections 17 (“Maintenance of Installed Energy Efficiency Measures”) and 22 (“Repairs”), the Terms and Conditions of the On-Bill Tariff Program shall be binding on the metered structure or facility and any future Customer who shall receive service at that location.
15. Cost Recovery: No sooner than 45 days after approval by the Cooperative or its Program Operator, the Participant shall be billed the monthly Energy Savings Charge as described in the On-Bill Tariff Agreement and determined by the Cooperative or its designee. The Cooperative will bill and collect the Energy Savings Charge until its cost recovery is complete except in cases discussed in Sections 18 (“Vacancy”) through 23 (“Monitoring and Evaluation”) of the Terms and Conditions of the On-Bill Tariff Program. Prepayment of Energy Savings Charges is not permitted.
16. Ownership of Installed Energy Efficiency Measures: During the period of time when the Energy Savings Charge is billed to Participants at locations where the Cooperative has implemented Energy Efficiency Measures, the Cooperative will retain ownership of the installed Energy Efficiency Measures. Upon completion of its cost recovery, ownership will be transferred to the premises’ owner.
17. Maintenance of Installed Energy Efficiency Measures: Participants and premises owners (if the Participant is not the premises owner) shall keep the installed Energy Efficiency Measures in place, in good working order, and maintained per manufacturer’s instructions for the duration of the cost recovery period. Participants shall report any failure or suspected failure of the Energy Efficiency Measures to the Cooperative immediately. In the event an Energy Efficiency Measure fails, the Cooperative will determine the cause of failure and repair the Energy Efficiency Measures in a timely manner. If the Cooperative determines that the owner, Participant, or any occupant of the premises at which the Energy Efficiency Measures were installed caused damage to the Energy Efficiency Measures, the Cooperative will continue to bill the Participant for the Energy Savings Charges until the Participant has reimbursed the Cooperative for the damaged Energy Efficiency Measures as described in Section 22 (“Repairs”).
18. Vacancy: If a premises at which the Cooperative has implemented Energy Efficiency Measures becomes vacant for any reason and electric delivery service is disconnected, the Cooperative will suspend the Energy Savings Charge until a successor Customer initiates electric delivery service. If the premises remains vacant for at least 12 months, the Cooperative may deem the remaining unpaid Energy Savings Charges uncollectible following reasonable collection efforts in accordance with the Terms and Conditions of the Cooperative.
19. Extension of Energy Savings Charge: If the Cooperative reduces or suspends a Participant’s Energy Savings Charge for any reason, once repairs have

been successfully effected or service reconnected, the number of total monthly payments shall be extended until the total collected through the Energy Savings Charge is equal to the Cooperative's cost for installation as described in Section 22 ("Repairs"), including costs associated with repairs, deferred payments, and missed payments as long as the current occupant is still benefiting from the installed Energy Efficiency Measures.

20. Disconnection for Non-Payment: In accordance with Virginia Code § 56-585.7.E.6, the Energy Savings Charges are an essential utility service, and the Cooperative may disconnect the metered structure for non-payment of Energy Savings Charges under the same provisions as for any other electric service. If service is disconnected for Customers on prepaid payment plans, Energy Savings Charges will be prorated by the day.
21. Termination of Energy Savings Charge: Once the Cooperative's cost recovery from a Participant's premises is complete, the Energy Savings Charges at that location will no longer be billed, except as described in Sections 17 ("Maintenance of Installed Energy Efficiency Measures") and 20 ("Disconnection for Non-Payment").
22. Repairs: Participant and subsequent occupants at the premises shall be responsible only for the payment of billed Energy Savings Charge upon satisfactory installation of the Energy Efficiency Measures as set forth in the On-Bill Tariff Agreement. The Energy Savings Charge will continue until Cooperative's cost recovery is complete as long as the installed Energy Efficiency Measures continue to function. Should, at any time during the term of the Energy Savings Charge, the Cooperative determine that the installed Energy Efficiency Measures are no longer functioning as intended and that the Participant, occupant, or premises owner, as applicable, did not damage or fail to maintain the installed Energy Efficiency Measures, the Cooperative shall reduce or suspend the Energy Savings Charge until such time as the Cooperative, its designee, or Approved Contractor repairs the Energy Efficiency Measures. If the Energy Efficiency Measures cannot be repaired or replaced in a cost effective manner, the Cooperative will waive any and all remaining Energy Savings Charges. However, if the Cooperative determines the Participant, occupant, or premises owner, as applicable, did damage or fail to maintain the Energy Efficiency Measures, the Cooperative will seek to recover all costs associated with the Energy Efficiency Measures and installation thereof, including any fees, incentives paid to lower the Participant's Energy Savings Charges, as well as any applicable legal fees through the Energy Savings Charge. The Cooperative will continue to bill the Participant the applicable Energy Savings Charges until it recovers all relevant costs as described in this section of the Terms and Conditions of the On-Bill Tariff Program.
23. Monitoring and Evaluation: The Cooperative or its designee will compare each participant's post-installation actual annual electric savings to estimated annual electric savings at least once for each location during the term of the Energy Savings Charge. If the Cooperative or its designee identifies any

instances where actual savings are below 80% of the premises' estimated savings, the Cooperative or its designee will perform an investigation to identify the cause and take appropriate action including those described in Section 22 ("Repairs") or enforcing agreements with Approved Contractors or Participants.