

TERMS AND CONDITIONS

PECO Energy Company (PECO) is offering prescriptive and custom incentives under PECO Smart Ideas for Your Business to facilitate the implementation of cost-effective energy efficiency measures for commercial and industrial customers. Any and all energy savings or environmental credits generated by the project described in this application will be retained by PECO. Funds are limited and subject to availability. The program may be modified or terminated without prior notice.

Program Effective Dates

The program is available until May 15, 2021. Incentives are offered until approved funds are exhausted or until May 15, 2021, whichever comes first. All projects must be completed, and the final applications received no later than May 15, 2021, to be eligible for incentives.

Program and Project Eligibility

PECO Smart Ideas for Your Business incentives are available for the common energy efficiency measures listed in this Application Manual. Program incentives are available under PECO Smart Ideas for Your Business to non-residential customers within PECO's service territory. These incentives are available to all customers who pay into the Energy Efficiency Charge and receive their electricity over PECO's distribution network, regardless of the retail electric supplier.

Most commercial projects involving energy savings are eligible. Incentives are available for both prescriptive and custom measures. Prescriptive measures are energy efficiency measures with pre-determined savings and incentive levels and are paid on a per unit basis. These measures are available for specific Lighting, HVAC, Refrigeration and Food Service, Variable Speed/Frequency Drives, Compressed Air and Domestic Water Heater measures. Custom measures include energy efficiency measures not listed on the prescriptive application forms. Custom incentives must be approved by PECO in advance, are determined on a case-by-case basis and are paid per unit of energy (kWh) saved. Examples of projects that are NOT eligible for incentives under this program include on-site electricity generation, projects focused primarily on power factor improvement and renewable energy projects.

Installation must be at the customer's facility and provide 100% of the energy benefits as stated in the application for a period of five years or for the life of the product, whichever is less. PECO has the right to claim a pro-rated amount of any incentive paid if the customer ceases to be a distribution customer of PECO or removes the equipment or systems at any time during the five-year period or the life of the measure.

Incentive Payment Limits

Prescriptive and custom incentives cannot exceed 100% of the customer's total costs. Contractor labor costs can be considered in the total project cost, while customer internal labor costs cannot.

Application Review Process

Pre-approval is not a guarantee of program acceptance. Completed applications will be reviewed in the order received. The location or business name on the invoice must be the

same as the application information. The incentive is reserved for the project when PECO receives a complete pre-approval application and determines that the project meets the program eligibility requirements. Applicants who submit incomplete applications will be notified of deficiencies upon review of the application and could lose their place in line in the review process until all requested information is received. Applicants are encouraged to call the program hotline at 1-866-371-9343 if they have any questions about documentation requirements.

PECO will review final applications for eligibility and completeness. The final application and all required supporting documentation must be received within 90 days for projects submitted through the conventional prescriptive application process, and within 180 days of project completion for projects that were previously completed. Final documents must be received no later than May 15, 2021 to be eligible for incentives. Project documentation, including original dated invoices for the purchase and installation of the measures and/or product specification sheets, is required.

The project invoice must provide sufficient detail to separate the project cost from the cost of other services such as repairs and building code compliance. PECO reserves the right to request additional supporting documentation necessary to ensure measure eligibility and verify that the expected energy savings will occur. Requested information may include, but is not limited to equipment purchase dates, installation dates, proof that the equipment is operational, manufacturer specifications, warranty information and proof of customer co-payment. PECO will make every effort to maintain the confidentiality of customer information except that such information must be provided to the PA PUC and its contractor, as well as PECO's contractor for measurement and evaluation.

The installed measures are not eligible for incentives from other PA Act 129 Phase III Energy Efficiency Programs.

Inspections and/or PUC's Statewide Program Evaluation

PECO, its agents, measurement and verification contractor and/or the PUC statewide program evaluator have the right to audit or inspect all projects to verify compliance with the program rules and verify the accuracy of project documentation. This may include pre-installation and/or post-installation inspections, detailed lighting layout descriptions, metering, data collection, interviews, and utility bill data analyses. The customer must allow access to project documents and the facility where the measures were installed for a period of five years after receipt of incentive payment by PECO.

Requirements for Custom Project Electricity Savings Calculation

The annual electricity savings must be calculated for custom projects using industry accepted engineering algorithms or simulation models. The applicant must estimate the annual electricity usage of both the existing and proposed equipment based on the current operation of the facility. If the existing equipment is at the end of its rated useful life, the applicant must substitute equipment that would meet the applicable federal and local

energy codes as the baseline when calculating the annual energy savings. The applicant must be able to clearly describe the method used to calculate the savings. The applicant must provide all assumptions used in the calculations and document the source for these assumptions. Further information on custom measures can be found in the Application Manual, which can be downloaded from www.peco.com/smartideas. The method and assumptions used by the applicant to calculate the annual savings will be reviewed by PECO. PECO has sole and final determination of the annual energy savings to be used in calculating the incentive amount. PECO also reserves the right to require specific measurement and verification activities including monitoring both before and after the retrofit and to base the incentive payment on the results of these activities.

PECO may need to conduct inspections both before and after the retrofit projects to verify equipment and operation conditions. Pre-approval application must be submitted while the existing equipment is still in operation in order to allow PECO the opportunity to view the existing equipment.

No Endorsement

PECO does not endorse, support, or recommend any particular manufacturer, product or system design in promoting this program and PECO does not guarantee any specific level of energy savings with respect to any product, system design or energy efficiency measure.

Warranties

PECO DOES NOT WARRANT THE INSTALLATION OR PERFORMANCE OF MEASURES OR INSTALLED EQUIPMENT EXPRESSLY OR IMPLICITLY. PECO MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, WHETHER STATUTORY, EXPRESSED, OR IMPLIED, INCLUDING WITHOUT LIMITATIONS, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE REGARDING ANY ENERGY EFFICIENCY MEASURE PROVIDED BY MANUFACTURER OR VENDOR. CONTACT YOUR CONTRACTOR FOR DETAILS REGARDING EQUIPMENT/MEASURE PERFORMANCE AND WARRANTIES. PECO, ICF AND ITS SUBCONTRACTORS PROVIDE NO WARRANTIES REGARDING SAFETY, HEALTH OR WELL-BEING.

Limitation of Liability

All parties, including customers, acknowledge and agree that PECO, ICF and its SUBCONTRACTOR'S liability is limited to paying the incentive specified. The parties, including customers, agree that PECO IS NOT LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES, OR FOR ANY DAMAGES IN TORT CONNECTED WITH OR RESULTING FROM SERVICES PROVIDED BY THIS PROGRAM OR PARTICIPATING THEREIN, INCLUDING ANY DAMAGES RELATING TO SAFETY, HEALTH OR WELL-BEING. PECO reserves the right to not pay this incentive if the application and accompanying documentation are incomplete or inaccurate.

Assignment

Customers may assign a portion or all of their program incentive payment to a specified vendor.

Customer's Certification

Customer certifies that he/she purchased and installed the equipment listed in the application. Customer agrees that all information is true and that he/she has conformed to all of the program and equipment requirements listed in the application.

Termination

PECO reserves the right to extend, modify (this includes modification of program incentive levels) or terminate this program without prior or further notice.

Acknowledgment

PECO customers must read, understand and be in compliance with all rules and regulations concerning this incentive program. You must certify via signature on the Final Application that all information provided is correct to the best of your knowledge, and give PECO permission to share your records with the Pennsylvania PUC, and agents, representatives and contractors it selects to manage, coordinate or evaluate the program. Additionally, you must authorize PECO to have reasonable access to your property to inspect the installation and performance of the equipment and installations that are eligible for incentives under the guidelines of the program.