

# AGREEMENT

## FOR THE PROVISION OF ENERGY AUDIT SERVICES UNDER THE DEVELOPMENT BANK OF JAMAICA ENERGY AUDIT GRANT PROGRAMME

THIS AGREEMENT is made on the \_\_\_\_ day of \_\_\_\_\_.

**BETWEEN:** [*Insert Name of Applicants Company /Name of business here*], a company/ business duly incorporated under the laws of Jamaica and having its principal place of business at [*Insert Address of Applicants Company/Name of Business here*] (hereinafter called “the Client/Beneficiary”).

**AND** :[*Insert name of energy auditor/firm here*], having his principal office located at [*Insert address of energy auditor/firm here*] (hereinafter called “the Energy Auditor”).

both collectively referred to as “the Parties” and individually as the “Party”.

### WHEREAS:

- i. the Client/Beneficiary wishes to have the Energy Auditor perform the functions (hereinafter called “the Services”) more particularly described in Appendix 1 and intends to improve its productivity and efficiency by implementing the recommendations arising from the completion of the Services;
- ii. the Energy Auditor, has represented to the Client/Beneficiary that it has the required professional skills, personnel and technical resources to carry out the Services; and
- iii. the Energy Auditor has agreed to provide the Services on the terms and conditions set forth in this Agreement.

### DEFINITIONS

The following definitions shall apply to this Agreement:-

- a) “**Level 1 Energy Audit**” A Level 1 energy analysis provides an assessment of the overall energy consumption of an entity. It identifies no cost and low cost energy saving opportunities, and provides a general view of

potential capital improvements. Only walk-through observation is done at this level.

- b) **“Level 2 Energy Audit”** A comprehensive assessment of the energy usage of a facility. This assessment will review the mechanical and electrical systems, give details of building systems, measure key operating parameters, prepare an energy use breakdown, prioritize, measure and estimate implementation costs and prepare a financial evaluation. A level 2 energy audit is warranted once annual utility bills aggregate to over 1.5 million Jamaican dollars.
- c) **“Energy Audit Report”(EAR)** This report shall show the current energy usage of the Client’s/Beneficiary facility and will detail the identified energy saving measures which are recommended to the Client/Beneficiary by the Energy Auditor aimed at reducing their energy costs and/or consumption.

**NOW THEREFORE** in consideration of the mutual covenants herein contained and for other good and valuable consideration, it is **HEREBY** agreed as follows:

**1. Services** The Energy Auditor shall perform the Services and shall submit the draft & final EAR to the Client with a copy to Development Bank of Jamaica Limited (hereinafter referred to as **“DBJ”**). The EAR should inter alia include the information as contained in Appendix 1 and be submitted within the time period specified in Clause 2, Appendix 2 – “Terms of Reference/Scope of Work”. The Energy Auditor & Client shall amend the Report were fit until the document has met all the requirements of the Client/Beneficiary.

Once the draft audit report is provided to the Client/Beneficiary, acceptance and/or finalization the report must be done within eight (8) working days.

**2. Preconditions to Accessing Grant** The Client/Beneficiary shall be a duly locally registered entity (either under the Companies Act or The Registration of Business Names Act) with the ability to access a loan from any financial institution and is interested in improving productivity and efficiency through strategic energy saving interventions. Where the entity is not registered it shall provide evidence that it is capable of accessing grant or loan funding and is committed to implementing the renewable and/or energy efficiency measures

recommended in the Audit report within four (4) months from the date of receipt of the Audit Report. The entity is currently in operation; were not, it has expressed the need for an energy audit to support its application for a loan. The entity has not previously received an energy audit grant from the DBJ.

### 3. Term

The Energy Auditor shall perform the Services within a period of six (6) months commencing on the date of signing of the Memorandum of Agreement between DBJ and the Energy Auditor regarding payment for the Services rendered by the Energy Auditor under this Agreement.

It is understood and agreed that this Agreement shall not come into effect until the aforementioned agreement to be made between DBJ and the Energy Auditor is executed by both Parties.

### 4. Payment

#### a. Ceiling

For the Services rendered in respect of Level I Energy Audits, the amount to be paid by DBJ to the Energy Auditor shall not exceed the sum One Hundred Thousand Jamaican Dollars (J\$100,000.00) inclusive of General Consumption Tax (hereinafter referred to as "GCT") were applicable, while a Level II shall not exceed the sum of Two Hundred Thousand Jamaican Dollars (\$200,000.00) inclusive of GCT were applicable.

All taxes payable by the Energy Auditor in connection with the provision of the Services shall be the sole responsibility of the Energy Auditor. DBJ shall withhold GCT on every payment except were evidence is provided that the Energy Auditor is exempt from paying General Consumption Tax.

#### b. Schedule of Payments

Payments shall be made in the following manner:-

J\$ \_\_\_\_\_ [*Insert words for amount*] upon execution of this Agreement and the agreement between DBJ and the Energy Auditor regarding payment for its Services. This amount should be twenty percent (20%) of

the total cost of the audit.

J\$\_\_\_\_\_ [*Insert words for amount*] being the final payment to be made upon approval of the completed EAR by the Client/Beneficiary; This amount should be eighty percent (80%) of the total cost of the audit.

c. Payment Conditions

- i. Subject to the approval and acceptance of the Draft EAR by the Client/Beneficiary, final payment shall become payable by DBJ within fifteen (15) working days, following submission of the invoices from the Energy Auditor. Pursuant to the General Consumption Tax Act, DBJ will provide the Energy Auditor with a certificate evidencing the amount deducted for GCT, which certificate may be presented by the Energy Auditor to the Taxpayer Administration of Jamaica and be utilised to offset against GCT liabilities of the Energy Auditor.
- ii. Where the cost of providing the Services exceeds the sum of J\$200,000 then any excess shall be borne by the Client/Beneficiary. Evidence of this commitment must be provided by the Client/Beneficiary by attaching their signature and letterhead onto the sample letter in Appendix 4;

**5. Performance Standards** The Energy Auditor undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Energy Auditor shall promptly replace any of its employees assigned by him/it to perform the Services and whose performance the Client/Beneficiary considers unsatisfactory.

**6. Confidentiality** The Energy Auditor shall not, during the term of this Agreement and within five (5) years after its expiration, disclose any proprietary or confidential information relating to the Services, this Agreement or the Client's/Beneficiary's business or operations without the prior written consent of the Client/Beneficiary

- 7. Ownership of Material** Any studies, reports or other material, graphic, software or otherwise, prepared by the Energy Auditor for the Client/Beneficiary under the Agreement shall belong to and remain the property of the Client/Beneficiary. The Energy Auditor may retain a copy of such documents and software for no more than Five (5) years.
- 7. Insurance** The Energy Auditor will be responsible for taking out any appropriate insurance coverage or advising the Client/Beneficiary of any such insurance coverage required to complete the Services.
- 8. Law Governing Contract and Language** The Agreement shall be governed and constructed under by the laws of Jamaica, and the language of the Contract shall be in English.
- 9. Dispute Resolution** If any dispute arises between the Parties hereto concerning the construction of this Agreement or the respective rights and liabilities arising hereunder, it shall first be referred to the Managing Director of each of the Parties or such officers as they shall designate. If the dispute remains unresolved after discussions between the representatives aforesaid then the matter shall be referred to the Dispute Resolution Foundation for mediation which decision shall be final and binding
- 10. Extension of Term of Contract** To the extent that the Energy Auditor's performance of any of the Services is delayed or prevented by causes beyond its control including but not limited to acts of God, strikes, civil commotion, the Energy Auditor shall be deemed not to be in default of its obligations hereunder and the term of the Agreement shall be extended by the period of delay. A report on the cause of the delay will be required from the Energy Auditor to determine the period within which the Agreement will be extended which extension shall be approved by DBJ;
- 11. Termination** This Agreement shall terminate upon the expiration of the period referred to in Clause 3 unless same was extended by the agreement of the Parties;
- In the event of breach of any of the terms of this Agreement, either Party may terminate this Agreement upon the giving of seven (7) days' notice in writing to the Party at fault. In the event

the breach is rectified prior to the expiration of the seven (7) days aforesaid, then this Agreement shall continue in force failing which this Agreement shall terminate upon the expiration of the seven (7) days aforesaid Termination shall be without prejudice to and shall not affect any accrued rights, or any contractual provision intended to survive termination hereof.

**IN WITNESS** whereof this Agreement was duly executed by the Parties on the day and year first hereinbefore written.

<p><b>SIGNED</b> for and on the behalf of <b>ENERGY AUDITOR</b> by:</p> <p>In the presence of:</p> <p>_____</p> <p>Witness</p> <p>Date: _____</p>	<p>_____</p> <p>[insert name &amp; title of Energy Auditor here]</p>
<p><b>SIGNED</b> for and on the behalf the by <b>CLIENT/BENEFICIARY:</b></p> <p>In the presence of:</p> <p>_____</p> <p>Witness</p> <p>Date: _____</p>	<p>_____</p>

**LIST OF APPENDICES**

Appendix 1: Level I & II Energy Audits

- Appendix 2: Terms of Reference, Scope of work for Energy Audit Services
- Appendix 3: Energy Auditor's Quotation for Services
- Appendix 4: Letter of Commitment (Required of Client/Beneficiary if audit cost exceeds J\$200,000)

## APPENDIX 1

### **Level I & II Energy Audits**

Energy audits is commonly used to describe a broad spectrum of energy studies ranging from a quick walk-through of a facility to identifying major problem areas to a comprehensive analysis of the implications of alternative energy efficiency measures sufficient to satisfy a entities financial criteria. The actual tasks performed and level of effort varies with the services the Energy Auditor provides.

#### **Level I**

The preliminary audit (alternatively called a simple audit, screening audit or walk-through audit) is the simplest and quickest type of audit. Preliminary analysis made to assess building energy efficiency to identify not only simple and low-cost improvements but also a list of energy conservation measures (ECMs, or energy conservation opportunities, ECOs) to orient the future detailed audit. This inspection is based on visual verifications, study of installed equipment and operating data and detailed analysis of recorded energy consumption collected during the benchmarking phase. Typically, only major problem areas will be covered during this type of audit. Corrective measures are briefly described, and quick estimates of implementation cost, potential operating cost savings, and simple payback periods are provided. This level of detail, while not sufficient for reaching a final decision on implementing proposed measure, is adequate to prioritize energy-efficiency projects and to determine the need for a more detailed audit.

#### **Level II**

Based on the results of the pre-audit (Level I), this type of energy audit consists in energy use survey in order to provide a comprehensive analysis of the studied installation, a more detailed analysis of the facility, a breakdown of the energy use and a first quantitative evaluation of the ECOs/ECMs selected to correct the defects or improve the existing installation. This level of analysis can involve advanced on-site measurements and sophisticated computer based simulation tools to evaluate precisely the selected energy retrofits.

Utility bills are collected for a 12 to 36 month period to allow the auditor to evaluate the facility's energy demand rate structures and energy usage profiles. If interval meter data is available, the detailed energy profiles that such data makes possible will typically be analyzed for signs of energy waste. In-depth interviews with facility operating personnel are conducted to provide a better understanding of major energy consuming systems and to gain insight into short and longer term energy consumption patterns which identifies all energy-conservation measures appropriate for the facility. A detailed financial analysis is performed for each measure based on detailed implementation cost estimates, site-specific operating cost savings, and the customer's investment criteria. Sufficient detail is provided to justify project implementation.

#### **Energy audit reports**

Depending on the level audit the Client can expect information as outlined below:



**Level I & II audit reports must at least contain:**

- Provide a description and documentation of the tools used to perform the energy analysis and calculate energy savings estimates.
- Clearly identify all assumptions and estimates used in the analysis
- Include a complete inventory of meters and billing points for all sources of energy.
- Description of energy conservation measure
- Estimated installation labor, material and total cost; along with source of cost estimate
- Estimated energy savings (kW, kWh, therms, etc.)
- Estimated annual energy cost savings (including any assumptions regarding future energy costs, life of measure, etc.)
- Estimate of any rebates/financial incentives available
- Estimated annual operating cost savings
- Estimated lifetime energy cost savings
- Simple payback
- Estimated return on investment
- Options for funding the installation of recommended measures

**Level II audit reports can further include information on:**

- Water conservation and demand response
- Estimated greenhouse gas reduction
- Recommendations on the potential/viability of various renewable/distributed energy technologies
- Analysis of costs and savings comparing current and future costs of electric and thermal energy with and without each technology assessed
- Energy Purchasing and Procurement Strategies
- Develop a load profile for each electric usage
- Provide an analysis of the utility tariff under which the facility is currently served
- Assess potential savings from purchasing from third party suppliers

## APPENDIX 2

### **TERMS OF REFERENCE/ SCOPE OF WORK FOR ENERGY AUDITING SERVICES**

The scope of work for a level I and II energy audit should include but not be limited to the following:

#### **1. Historic Energy Consumption:**

- a) Energy Auditor should compile historic usage and costs for all energy utilities including electric, natural gas, propane and fuel oil for the twelve months prior to the audit including kW, kWh, BTUs, therms, etc. according to actual billed meter readings that corroborate usage;
- b) Identify the utility rate schedules under which services are provided to each meter;
- c) Identify the required building and utility data energy benchmark, report on building & utility usage in comparison to local companies.

#### **2. Facility or Measure Description**

Provide a written characterization of other energy usage and occupancy profiles, facility size, construction features including an assessment of the building envelope (windows, doors, insulation, etc.) and operations.

#### **3. Equipment list**

Provide a detailed inventory of equipment containing pertinent information for all energy consuming lighting, HVAC, process and other equipment including estimate of equipment efficiency and remaining useful life. For example, for lighting, for each area of each building, provide existing fixture type, existing lamp type, existing lamp count and existing ballast type, current watts per fixture and current energy cost per room/building. Similar detail should be provided for other equipment, including process equipment in the case of process facilities such as sewage treatment plants.

#### **4. Survey of operating conditions**

This involves the understanding of the building behaviour and of the interactions with weather, occupancy and operating schedules; the identification of customer concerns and needs.

APPENDIX 3

**ENERGY AUDITOR'S QUOTATION FOR SERVICES**

#	Activity	Cost (J\$)	Days complete	to	Assumptions
1	<i>Collect, tabulate &amp; review electric bills</i>				
2	<i>Install data-loggers at (X) points</i>				
3	<i>Measure data collection</i>				
4	<i>Spot measures of luminance &amp; temperature</i>				
5	<i>Visual inspection of conditioned rooms</i>				
6	<i>Visual inspection &amp; recording of equipment &amp; lighting</i>				
7	<i>Surveys for consumption, usage, inventory &amp; satisfaction levels</i>				
8	<i>Review, analysis &amp; interpretation of all data</i>				
9	<i>Preparation of reports</i>				
10	<i>[Insert any other activities]</i>				
	<b>General Consumption Tax</b>				
	<b>TOTAL</b>				

APPENDIX 4

**LETTER OF COMMITMENT**

[Insert date]

Development Bank of Jamaica Limited  
11A – 15 Oxford Road  
Kingston 5

**Attention: Manager, Capacity Development**

**RE: COMMITMENT TO PAY AMOUNT IN EXCESS OF J\$200,000 TO THE ENERGY AUDITOR  
SELECTED FROM THE DEVELOPMENT OF JAMAICA'S ENERGY AUDIT GRANT  
PROGRAMME**

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The Development Bank of Jamaica (DBJ) has approved an application from *[Insert name of Client]*, on *[Insert date of approval letter]*, to benefit under the DBJ's Energy Audit Grant Programme.

Reference is made to the Contract for Services Agreement for Energy Audit Services for the provision of Level *[Insert level of audit]* Energy audit, dated *[Insert date on first page of contract for services agreement]*, with *[Insert Energy Auditor]*.

The *[Insert Client/Beneficiary]* hereby commits to make payments to *[Insert Name of Energy Auditor]* in the amount of *[Insert words for amount] in excess of Two Hundred Thousand Jamaican Dollars (J\$200,000)*. *[Insert name of Client/Beneficiary]* also commits to agreeing with *[Insert name of Energy Auditor]* on a method of payment for the amount committed. *[Insert name of Client/Beneficiary]* is also aware that the DBJ will not take any part in the arrangement made with *[Insert name of Client/Beneficiary]* and *[Insert name of Energy Auditor]*.

Payment of the amounts committed is subject to the following conditions of the *[Insert name of Client/Beneficiary]*:

- Receipt of the final Energy Audit Report;
- The energy audit report conforms to the standard expected of a report prepared by a Certified Energy Manager®; and
- Conclusion of a PowerPoint presentation detailing the findings of the Energy Audit Report and convening a meeting with *[Insert name of Client]* and DBJ representatives.

Note that any evidence of fraud or corruption on the part of either or both parties identified will render all commitments made by the Development Bank of Jamaica null and void, and will result in the discontinuation of any further commitments/agreements made by the DBJ with any party committing the act or involved in any such act.

Yours sincerely,

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*[Insert name of Client/Beneficiary]*

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*[Insert title of Client/Beneficiary]*