



## **Project Development Methodology and Process Applicable to Multi-Store Owners**

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### **Identification and Qualification of Good Projects**

The purpose of this document is to outline the process which Winn Energy Controls, Inc. (WEC) has utilized in the past to successfully develop recurring sales of our products and services. Identification and development of projects where the end client has multiple stores that may be either corporate owned as well as franchise owned stores.

A sample of these end clients includes:

- Quick Service Restaurants
- Convenient Stores
- Small Box Retailers
- Large Box Retailers
- Unmanned Telecommunication Repeater Sites

Our approach to the end client through our sales agents is to identify the decision makers, both financial and technical, in the organization and determine their interest in acquiring energy management and cost control solutions.

Our solution delivers verifiable energy and cost savings from the automation and control for their heating, ventilation and air-conditioning (HVAC) systems, lighting systems, and other processes. Savings is accomplished primarily through three methods. First, increased efficiency is achieved through the control methods within the solution. Second, operational savings by limiting operation of the equipment or systems during un-occupied periods and excessive heating or cooling beyond management defined settings. Lastly, maintenance savings through reductions in emergency service calls, predictive equipment failures and better maintenance management practices available using the data, trends and alarming functions built-in to the energy management systems and software.

There is a detailed technical specification on our automated demand response and energy management controls products that is available on our web site using the following link:

<http://www.winnenergy.com/docs/ADRESTechnicalSpecification.pdf>

# **Project Development Methodology and Process**

Page 2

There is also an animated overhead presentation tailored to the end client outlining the savings potential, system performance, capabilities and experience of our products to the multi-store client on our web site using the following link:

<http://www.winnenergy.com/docs/ADRESEndUserPresentation.pdf>

## **Expected Financial Results Based on Project Experience**

Our experience and track record in multi-store applications has resulted in typical utility bill savings ranging between 10% and 30%. Based upon the embedded modular wireless deployment of our control hardware solution, the expected turnkey price to the end client should result in a simple payback between 1 and 4 years. This range of payback is due to the varying cost of utility energy across the country, (i.e. >\$0.12 / kwh in California and New York and largely in the east and west coast states to <\$0.10 / kwh in the Midwest states). Payback also varies due to the size of the Heating, Ventilation and Air-Conditioning (HVAC) equipment our systems are controlling, (i.e. we expect to save the same percentage of energy for a given HVAC unit but if the size of unit is 10 ton versus a 5 ton unit, the resulting energy savings in kwh will be double the amount for the 10 ton unit).

Retail stores with a quantity of two (2) to four (4) HVAC units of 5 tons each with a single lighting controller for up to four (4) zones of lights will normally have a payback of 3-years.

## **Qualification of Specific Client Application**

What has differentiated our ADRES energy management solutions from competitors is our willingness to work with our clients to deliver a customized solution that addresses their individual unique store needs and requirements. These efforts over the past decade has resulted in providing more value to the client than simple control, monitoring and alarming of HVAC and lighting systems. We recommend working with our end clients to identify their store issues that through automation and data collection can be better managed. We then customize or configure the solution to address the client issues instead of simply selling our “standard” packaged solution.

The process begins with a discussion with the financial and technical decision makers for the end client. Expectations on financing of the solution and required return on investment (ROIs) for the project should be discussed and agreed on at the beginning. We don't want to waste the client's time nor our time in pursuing opportunities that are financially or technically unachievable. Assuming we can reasonably meet the program objectives and within the defined guidelines, we then collect data specific to representative stores, buildings or facilities.

# Project Development Methodology and Process

Page 3

We have developed and utilize an Audit Worksheet to collect the necessary data from representative client stores to allow us to design and configure the solution to meet the objectives identified for the client. The results documented in the Audit Worksheet will include the following types of data:

- Communications
- HVAC Equipment List
- Lighting Systems
- Refrigeration Systems
- Process Equipment List
- Monitoring Points
- Sub-Metering Points
- Alarming Conditions
- Utility Bills and Commodity Costs
- Operational Schedules
- Maintenance Contractors
- Maintenance Schedules
- Maintenance or Operational Issues

The Audit Worksheet template is on our web site using the following link:

<http://www.winnenergy.com/docs/AuditWorksheet.pdf>

We have also developed and follow an energy auditing procedure to correctly perform the audit to understand the store equipment and assets and generate the energy consumption profile to match with the historical utility bills and weather profiles. The energy audit procedure document is on our web site using the following link:

<http://www.winnenergy.com/docs/EnergyAuditProcedure.pdf>

With completion of the audit worksheets for a store, we then utilize two templates to calculate and determine the capital cost for the energy conservation upgrades recommended for the store and the technical and economic performance projected for the store based. The cost estimate utilizes the following template available on our web site at:

<http://www.winnenergy.com/docs/ADRESCostQuote.xls>

The technical and economic performance model to project savings and payback is on our web site at the following link. The spreadsheet template starts with representative data.

<http://www.winnenergy.com/docs/ADRESProposalAnalysis.xls>

# Project Development Methodology and Process

Page 4

The resulting capital cost and technical economic analysis will provide the basis for projection of a simple payback and return on investment (ROI).

## Project Finance Options

If the end client selected to simply purchase the project outright, the process for procurement will be standard purchase orders with credit approval. The Winn Energy Controls, Inc. standard terms and conditions are available on our web site at:

<http://www.winnenergy.com/docs/WinnEnergySalesTermsConditions.pdf>

Alternative financing can be structured to have the utility savings pay for the project costs including finance fees. The strength of the project and the verifiable energy savings and utility cost reduction can be redirected to pay for the equipment and finance costs. The method typically results in a four (4) to six (6) year lease term. Additionally, we have provided performance guarantees and even insurance policies to underwrite and guarantee the project performance and ensure the end client does not have to write any checks during the course of the project.

## Demonstration of Performance (Pilot Program)

For those end clients that have stores in California, we recommend selecting five or ten stores within the different geographical climate zones for validation of performance and savings. The primary reason for California testing is the investor owned utilities, San Diego Gas Electric, Southern California Edison, and Pacific Gas & Electric provide significant utility rebate and subsidy programs for our solution. To derive the financial benefits from these programs, the project has to be able to validate the performance and savings as verified by the utility overseeing the project. The stores in the California market will typically be a quicker payback due to the relative high cost of energy within the state as compared to other states and utilities. Also a fairly wide range of climates conditions can be validated to extrapolate performance for other regions.

## Installation and Commissioning (Pilot Program)

Installation and commissioning of the pilot program stores will be accomplished using trained and pre-qualified contractors. If the end client has in house maintenance personnel or they have an existing third party contractor, we would train their personnel or contractor to provide not only the installation but also continue with on-going maintenance. We also can provide or arrange for installation.

# Project Development Methodology and Process

Page 5

Installation manuals and software user's guides are all available in hardcopy with equipment shipments or available on our web site under the Contractor Portal. Representative field wiring of HVAC equipment, lighting systems, sub metering of electric power, natural gas and water, and monitoring of freezer, cooler, water and other temperatures are all available on our web site at:

<http://www.winnenergy.com/docs/ADRESWiringDiagrams.pdf>

The individual system installation will typically have a communication link established through the existing Internet service to the store. The ADRES networking white paper provided in the following link outlines the wide area network communication options available and how to setup and configure each option.

<http://www.winnenergy.com/docs/ADRESNetworkingOptions.pdf>

## Operations (Pilot Program)

Once the pilot stores are in and operating the stores can be monitored and viewed remotely using a PC with Internet connection and browser software such as MS Windows Internet Explorer. To log onto the system to view live demo sites, simply go to [www.winnenergy.com](http://www.winnenergy.com) and select the Server Login (User Name = [energypro](#) Password = [demo](#)). The site is fairly intuitive in navigation. Select the building and data to be viewed. There is server software for the more sophisticated energy manager.

There is a sophisticated capability within the software to perform detailed measurement and verification (M&V) of performance and savings. This on-board built-in capability is pre-qualified by the California utilities to meet their actual performance and savings measurement and verification requirement for rebate and incentive programs. To access the M&V portion of the software use the following link for specific directions.

<http://www.winnenergy.com/docs/MVUserGuide.pdf>

Additional preformed reports from the system can be viewed using the following link:

<http://www.winnenergy.com/docs/EnergyPro Reports.pdf>

# Project Development Methodology and Process

Page 6

## Production Implementation and Execution

Once the performance and savings of the pilot systems have been accomplished, a roll-out plan will be developed to implement the solution in the markets which will provide the quickest payback (combination of weather and high utility rates). The system will provide an Energy Usage Index (EUI) for each store. This EUI provides normalized energy consumption vs. square footage vs. heating and cooling requirements for each store. The software can then rank all stores against each other to track individual and relative store performance.

Winn Energy Controls, Inc. can provide a Network Operations Center capability to the end client to perform maintenance management and store monitoring for a nominal cost. The scope of the monitoring can also include providing technical support to store personnel in addition to the corporate or engineering resources of the end client for mechanical and electrical systems. Follow-on energy conservation measures and cost savings opportunities are typically identified through the use, monitoring and operations of our solution. These engineering services are available within the monitoring services.

Alternatively, the end client can setup and perform the on-going monitoring services with their own personnel and data center resources.

## Due Diligence

Winn Energy Controls, Inc. can provide contractor and end client references and several test reports. Reports are available from clients, that we have worked directly for, and the data is not confidential. A nameless version of a detailed test report is on our web site using the following link:

<http://www.winnenergy.com/docs/TestReport.pdf>

## Summary

Winn Energy Controls, Inc. can simply provide the solution with hardware and software as the primary equipment supplier. Winn Energy Controls, Inc. does not provide contractor and installation services. We have a licensed engineering and construction company, Energy Technology and Service, Inc. available to us to provide project engineering, design and construction services on a project by project basis if required.

Winn Energy Controls, Inc. sells our solution through distributors, energy service companies, HVAC and lighting contractors, project developers and system integrators. We offer training and technical support to both contractors and end clients.

Winn Energy Controls, Inc. provides compensation to sales agents and manufacturer representatives on a pre-approved basis.