**(One) Implementer Proposal for Repair Eligible/Repair Indefinitely Qualification**

**Background/Implementer Observations:**

Resolution E-4818 analyzes Repair Eligible and Repair Indefinitely cases and assumes “Rational decision-making” to Customer decisions, but Customer decisions affected by many factors, e.g.:

1. Availability of expense versus availability of capital dollars and process for allocation of capital.
2. Knowledge of options for replacement versus repair.
3. History of Customer approach to equipment repair versus replacement.

Challenge is to provide resources and incentives to encourage replacement of equipment with more efficient equipment/systems rather than repair existing equipment. Proposal is to simplify qualification for incentives/3P Programs for repair eligible and repair indefinitely opportunities.

**Repair Eligible Criteria/Definition/Straw proposal**

1. Existing equipment is not operating (not meeting Customer requirements)
2. Existing equipment can be repaired to meet Customer requirements. Estimated cost of repair is available.
3. Alternative exists to replace equipment with more efficient new equipment and improve system efficiency (e.g., add controls and/or other system improvements)
4. Payback of replacement versus repair can be determined.
   1. Payback is Cost of new equipment option minus Cost of repair of existing equipment divided by system energy savings of new equipment/system improvements.
   2. Energy savings is existing equipment performance (energy use) prior to failure (if measurements available) or nominal efficiency/performance (energy use) of existing equipment (if measurements not available) minus efficiency/performance (energy use) of new equipment, including system improvements (as measured in post-project M&V). Nominal efficiency of existing equipment (if measurements are not available) would be determined as degraded performance as appropriate and justified.

Incentives paid per applicable program rules based on incremental cost of new equipment/system improvements (Incremental cost is cost of replacement/system improvements minus estimated cost of repair)

If repair would extend life of existing equipment for DEER EUL, no dual baseline – EUL of replacement equipment determines life cycle savings

If repair would extend life of existing equipment less than DEER EUL, apply Dual baseline with second baseline as Code.

If existing equipment is connected to other energy using equipment, a separate determination of repair/replacement of that equipment would be made at the time of failure or accelerated replacement of that equipment.

**Repair Indefinitely Criteria/Definition/Straw proposal**

1. Existing equipment is operating and meeting Customer requirements
2. Existing equipment not in imminent failure mode (as verified at pre-inspection or per program rules)
3. Retrofit/Replacement identified in audit
   1. Internal Customer audit
   2. 3P Audit/Project Feasibility Study (PFS)
   3. Other Program audit/assessment
4. Existing equipment can be repaired to extend life for “foreseeable future”, e.g.:
   1. Re-wind motor
   2. Overhaul of compressor/chiller/pump/etc.
   3. Replace burned out lamps with like-for-like

Incentives paid per applicable program rules based on full replacement equipment/system improvement costs

No dual baseline – EUL of replacement equipment determines life cycle savings.

If existing equipment is connected to other energy using equipment (e.g. pump if pump motor is being replaced as repair indefinitely), a separate determination of repair/replacement would be made at the time of failure or accelerated replacement of that equipment.