

A Paradigm Shift in the World of Energy

Powerdigm generates energy reductions for the Customer that translate into economic savings and reductions in carbon emissions.

- Powerdigm undertakes an **energy efficiency project** (“Project”) that results in significant energy reductions for the Customer which translate into lower energy costs (“Savings”)
- **Savings are guaranteed** by Powerdigm based on a baseline energy usage model agreed to by the Customer and Powerdigm
- The Project is **owned and financed by a subsidiary of Powerdigm**
- **Savings are allocated** between the Customer and Powerdigm
- This structure promotes the **operational integrity** of the Project and generates guaranteed savings
- **Energy Service Agreements (“ESA”)** define the **relationship between the Customer and Powerdigm**

Powerdigm and its engineering partner PSI remain involved with the Customer throughout the Project’s life cycle.

- Phase 1 - Analysis

- Powerdigm works with PSI to develop a feasibility study to determine the project’s scope and potential
- PSI Develops a comprehensive energy model that outlines current usage and potential reductions
- PSI develops a preliminary engineering report
- PSI builds a team to install the project and works with approved local contractors
- Powerdigm develops a financial structure that enables the Customer to use energy savings to finance the project

- Phase 2 - Implementation

- PSI / Engineering firm(s) complete detail design drawings
- PSI oversees and manages construction of the Project

- Phase 3 - Monitoring & Verification

- PSI checks, tests and starts new energy system — final commissioning and system startup are PSI’s responsibility
- PSI trains the Customer’s personnel to operate and maintain the new energy system
- PSI provides real-time monitoring and verification to ensure the optimal performance of the new energy system



Using an Energy Service Agreement (“ESA”) enables Powerdigm to guarantee annual energy savings in return for a fixed annual payment from the Customer for the term of the Agreement

- **The ESA allocates a percentage of the savings to Powerdigm to pay for the following services**
 - **Monitoring and Verification** of the new energy system’s performance
 - Debt Service
 - Scheduled Maintenance/Warranty
 - These payments have been treated by Customers much like a utility bill (the Customer is paying for a reduction in energy expenses)
- The performance of the new energy system is **guaranteed by Powerdigm for the term of the contract**
- The Customer **retains operational control** of the new energy system and is responsible for performing preventative maintenance
 - PSI trains the Customer’s personnel how to operate and maintain the system
 - The Customer is presented with structural options that mitigate risks by contracting for Powerdigm and PSI’s continued involvement in exchange for a **guaranteed reduction in operating costs**

Powerdigm’s Energy Service Agreements (“ESA”) bring both business and environmental benefits

- ESAs **facilitate sustainability goals** for Resource Conservation.
- ESAs **reduce the Customer’s utility costs and GHG emissions**
- ESAs align with “Energy Master Plans” by allowing the **integration renewable energy and energy efficiency**
- ESAs increase the Customer’s cash flow with **no capital investment**
- ESAs **provide a hedge** against increases in utility costs
- ESAs, through monitoring and verification, assures **lifecycle sustainability** for new energy systems and **optimal system performance**
- ESAs establish an infrastructure platform that serves as a **foundation for continual improvement**