

# **Residential Standard Offer Program**



**Texas Central Company**

**Texas North Company**

**2014 Program Year**

**Version 1.1**

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# 1. EXECUTIVE SUMMARY

AEP is offering the Residential Standard Offer Program (RSOP) through its Texas distribution companies which include AEP Texas Central Company (TCC) and AEP Texas North Company (TNC). The RSOP is open to a wide range of contractors, service companies, retail electric providers, and community action agencies referred to as Project Sponsors.

In its Standard Offer Programs (SOPs), AEP contracts with Project Sponsors to deliver peak demand savings (measured in kilowatts, or kW) and/or annual energy savings (measured in kilowatt-hours, or kWh) by installing qualifying energy efficient measures at existing homes. AEP will pay a fixed price in the form of incentives for kW and kWh savings resulting from the energy efficient measures installed.

The Public Utility Commission of Texas (PUCT) has issued rules and requirements for the SOPs that are to be implemented by most electric utility companies serving Texas customers. Those rules and requirements are outlined in the Substantive Rule 25.181, also known as the Energy Efficiency Rule. Project Sponsors participating in this RSOP must comply with all program rules and procedures. The purpose of this manual is to identify and explain these program requirements and to serve as a reference for potential project sponsors.

The program for 2014 includes the following key changes and requirements:

- TNC no longer has Large and Small Project components and no security deposit is required.
- Underserved counties have been re-defined and are noted in Appendix C.
- Residential dwellings, or additions, completed after January 1, 2012 do not qualify for the program.
- The number of bedrooms is now a required field on the customer input form.
- The Host Customer Agreement and Acknowledgement Form requires the customer's initials on all Pre and Post CFM readings for Duct Efficiency and Air Infiltration measures and the R-Value of existing insulation for Ceiling Insulation measures.
- Homes cooled with window air conditioning units exclusively must be reported as "gas" heat. Electric space heaters are considered "plug-in" load and do not make the home eligible for electric heating type in this program (Air Infiltration & Ceiling Insulation measures).
- The Air Infiltration deemed savings includes an upper limit of 4 CFM<sub>50</sub> per square foot of house floor area pre-retrofit infiltration rate.
- A Field Notes Form must be submitted with the Incentive Report for each measure reported. A copy of the AHRI certificate will be required in lieu of the Field Notes Form for all HVAC installations.
- Leakage-to-outside testing is required for all duct efficiency measures.
- The Texas Technical Reference Manual (TRM) approved by the PUCT has replaced the Deemed Savings Appendix for use in 2014 programs.

**Although AEP has summarized key program changes and requirements here, it is the Project Sponsor's responsibility to review the current year manual in its entirety prior to submitting an application.**

**Notice:** AEP reserves the right to incorporate any or all changes resulting from PUCT proceedings and/or changes recommended by the PUCT into AEP's 2014 programs as they are approved. Project sponsors will be provided with adequate notice of any changes affecting their projects.

## 2. PROGRAM DESIGN

### 2.1. PROGRAM DESCRIPTION

The primary objective of this program is to achieve cost-effective reduction of peak summer demand. This performance-based program offers incentive payments for “deemed” or “measured” energy savings generated by installing energy efficient measures.

Approved Project Sponsors are responsible for marketing their services to residential customers served by AEP, contracting with the homeowners, installing the measures, and reporting their work to AEP. AEP then inspects a randomly generated customer sample. Payment is made for the demand reductions and energy savings based on the percentage of installations that are approved by inspection as capable of delivering the reported savings.

*Example:*

*For a Project Sponsor installing a new central air conditioner, the savings (and incentives) are based on the difference between a high-efficiency unit, e.g., 14 SEER (or higher) and a “baseline” unit as defined in the approved TRM.*

**AEP has designed the RSOP manual to provide Project Sponsors who contract with AEP with the specific requirements of the RSOP. By contracting with AEP, Project Sponsors agree that they have read the program manual and will comply with the requirements of the program in order to receive incentive payments for the installation of qualifying measures.**

For a definition of “baseline” and other terms used in this Manual, please consult the Glossary, included as Appendix A.

### 2.2. PROJECT SPONSOR ELIGIBILITY

A Project Sponsor is any company, person, organization, group, or individual who contracts with AEP to provide energy savings under the RSOP. The following types of Project Sponsors are among those eligible to participate:

- Energy service companies
- Local contractors
- Retail electric providers
- National or local companies that provide energy-related products (e.g., insulation or HVAC)
- Product retailers, if they install the particular energy-efficient products sold as part of this program

Project Sponsors must meet minimum eligibility criteria and demonstrate their financial, technical, and managerial qualifications as part of the application process.

AEP also requires Project Sponsors and their subcontractors to carry all statutorily required insurance, as described in the SOP Agreement.

## 2.3. PARTICIPANT ELIGIBILITY

All participants must be customers of the AEP distribution company; however, they may be a customer of any Retail Electric Provider (REP). The AEP distribution company for a given customer may be determined by the Electric Service Identifier (ESI ID) number on the customer's bill from its REP.

--AEP Texas Central customers may be identified by ESI ID's beginning with 100 327 894

--AEP Texas North customers may be identified by ESI ID's beginning with 102 040 497

ESI ID's are required to enter customers in the TCC and TNC programs.

Participants may include:

– **Residential customers**

- **Single Family properties** – Defined as residential dwellings consisting of two or less units (i.e., a duplex or less).
- **Mobile Home properties** – a manufactured home on a chassis with wheels so it can be moved to different locations. It is considered pier and beam floor construction, usually with the perimeter skirting from the floor to the ground.

– **Multi-Family properties** - Defined as residential buildings containing three or more dwelling units.

- **Individually metered multi-family properties.** These are considered separate residential accounts; each unit is counted as a residence. The common areas are considered commercial accounts, and are not eligible in the RSOP.
- **Master-metered multi-family buildings.** These are considered commercial facilities and are not eligible in the RSOP.
- **Individually metered townhomes are considered multi-family.**

***NOTE: All multi-family projects must be approved by AEP prior to installation. Pre-approval is done via the RSOP website. Project Sponsors must provide a work schedule via the RSOP website for multi-family projects seven (7) days prior to measure installation.***

**Multi-family projects are allowed in the TNC RSOP and in TCC's Large Project component. No work may begin at any TCC or TNC multi-family project prior to AEP approval of the site and work schedule.**

## 2.4. ENERGY EFFICIENT MEASURE ELIGIBILITY

Any PUCT-approved retrofit measure included in the statewide RSOP template, or any measure assigned a deemed savings value by the PUCT and approved for the RSOP, is eligible under AEP's RSOP, unless listed as ineligible in Table 2. Tables 1 and 2 in this section provide examples of eligible and ineligible measures. The Texas Technical Reference Manual (TRM) is available on the Downloads/Tools page of the program website and provides a listing of approved measures and their corresponding deemed savings values. All measures installed should be installed in such a way to provide an expected life of at least 10 years and deliver the energy savings intended. Installation methods and materials used should take this into consideration. When it can reasonably be assumed that the installation will not be in place for at least 10 years, the installation may not be reported in the RSOP. Only those approved measures installed in homes, or additions, completed prior to January 1, 2012 are eligible. AEP will consider the permanent electric meter installation date as the home's completion date.

In addition to the criteria outlined above and in the TRM, AEP has incorporated additional criteria to ensure that the expected energy savings will be delivered. Additional criteria are detailed in Chapter 4.

Project sponsors may propose other energy-efficiency measures, provided they meet the following requirements:

- Must produce a measurable and verifiable electric demand reduction during the peak period or produce electricity consumption savings
- Must produce savings through an increase in energy efficiency or a substitution of another energy source for electricity (provided the substitution results in overall lower energy costs, lower energy consumption, and the installation of high efficiency equipment)
- Must exceed applicable current federal minimum efficiency standards
- Renewable energy measures meeting the requirements of the PUCT's Energy Efficiency Rule (Substantive Rule 25.181) may qualify for an incentive

As a general rule, measures involving "plug loads" (equipment or appliances that are plugged into standard electrical outlets) are not permitted. This restriction may be waived by the utility if the Project Sponsor provides the utility with reasonable assurance that the energy and/or demand savings associated with such measures are likely to persist over a 10-year period of time and that quantifiable energy and/or demand reduction meeting the requirements of the PUCT's Energy Efficiency Rule can indeed be achieved through the proposed measure(s).

If the Project Sponsor proposes measures for which deemed savings values have not been approved by the PUCT, then the Project Sponsor must follow the International Performance Measurement and Verification Protocol (IPMVP) adopted by the PUCT (see Appendix D for M&V Guidelines). The M&V plan must be submitted to AEP within 24 hours of submitting the application.

**If any of the baseline equipment at a project site has been removed prior to the execution of the RSOP Agreement, or if any of the proposed energy-efficient measures has been installed prior to the execution of the RSOP Agreement, the project or the affected portions thereof shall be disallowed.**

**AEP shall have final authority on whether any particular measure is eligible for incentives.**

**TABLE 1**  
**EXAMPLES OF ELIGIBLE MEASURES**

Envelope Measures

- Insulation: ceiling, wall and floor
- Energy Star®-quality windows
- Infiltration control
- Duct sealing

Cooling and Ventilation Measures/Projects

- High efficiency air conditioning replacements
- Variable speed drive applications for HVAC equipment\*

Heating Measures/Projects

- Standard-efficiency heat pump to high-efficiency heat pump conversion

Electric Water Heating Measures

- ENERGY STAR® clothes washers
- ENERGY STAR® Dishwashers
- High efficiency gas water heater replacing electric resistance water heaters
- Heat pump water heaters
- Waste heat recovery units\*

Other Measures/Projects

- ENERGY STAR® refrigerators

Renewable Energy Measures (All renewable measures subject to approval by PUCT)\*

- Space conditioning (heating or cooling)
- Water heating
- PV or other distributed generation

\*Note: Deemed savings values have not been created for all of the measures listed

**TABLE 2****EXAMPLES OF INELIGIBLE MEASURES**

- Measures installed at new homes, or additions (completed after January 1, 2012)
- Window air conditioners
- CFLs
- Showerheads and aerators
- Cogeneration and self-generation projects
- Load shifting/load management measures
- Load reductions caused by building vacancies
- Measures that rely solely on customer behavior or require no capital investment
- Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls
- Measures for which incentives were received under another AEP program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects

## 2.5. ENERGY SAVINGS MEASUREMENT OPTIONS

Project Sponsors have two options for estimating the demand and energy savings of the measures they install. At the time of application, the Project Sponsor must specify which M&V option will be utilized. Once the M&V option is selected, the Project Sponsor must adhere to this process throughout the entire term of the RSOP Agreement. However, the Project Sponsor who selects the Measured Savings Option may request the M&V option be changed from the Measured to the Deemed Savings Option within the first three months of the Project Implementation Period.

1. **Deemed Savings.** Uses pre-determined average kW and kWh savings for each measure, as approved by the PUCT. Incentive payment is made as soon as installation inspections are completed, normally within 45 days of submitting an implementation report and invoice.

*This is the recommended option for virtually all residential projects, and any project composed of measures for which deemed savings values have been established.*

All of the common residential retrofit measures have approved deemed savings values. A listing of these measures and deemed savings values is included in the TRM, which may be downloaded from the program website.

2. **Measured Savings.** This option is only available to Project Sponsors participating in the Large Project component at TCC. Specific measurement and verification procedures (see Appendix D), based on the International Performance Measurement and Verification Protocol (IPMVP), are to be used in calculating energy savings. This option may provide more accurate savings measurements, but will likely increase the Project Sponsor's implementation expenses. In addition, if AEP, in its sole judgment, determines that its own administrative costs would be substantially increased as a result of a Project Sponsor's proposed M&V plan, it has the option of charging the Project Sponsor for these incremental administrative costs.

**Project Sponsors selecting this option must submit an M&V plan with their Project Application within 24 hours of application submittal.** All proposed M&V plans must be approved by AEP before any measures may be installed.

## 2.6. SMALL VS. LARGE PROJECTS

TCC's RSOP consists of two components: Small Projects and Large Projects.

For the 2014 Program Year, the TNC RSOP consists of only one component.

### 2.6.1. Small Project Component - TCC

TCC's Small Project Component enables Project Sponsors to apply for as little as \$250 in incentives. All first-time applicants must apply in the Small Project Component. This component is targeted towards:

- Smaller HVAC Dealers
- Local Contractors
- Insulation Contractors
- Community Action Agencies
- First-time applicants

The Small Project Component is ideal for local businesses that may want to participate on a trial basis or who may wish to apply for incentives on a one-job-at-a-time basis. Incentive money is reserved for a **30-day period**, during which Project Sponsors must complete and report installations. Residential single-family customers as described in Chapter 2.3 are eligible for the Small Project Component.

After completing a Small Project, Sponsors may request more incentives under the Small Project Component or may submit an application under the Large Project Component (if funding is still available). Please refer to Chapter 3 for funding limits.

### 2.6.2. Large Project Component - TCC

Project Sponsors who wish to ensure that incentives will be available to them throughout the year should submit an application in the Large Project Component, which requires a minimum incentive request and a security deposit. A Project Sponsor must have successfully participated in a previous RSOP Large or Small Project component to be eligible to apply in the Large Project component.

A project consists of all eligible measures to be installed at one or more Host Customer sites. Projects that are similar in nature (type of facility, measures installed, etc.) may be aggregated by the Project Sponsor to meet the minimum project size requirements. Residential and multi-family customers as described in Chapter 2.3 are eligible for the Large Project Component.

Once an application has been approved, the Project Sponsor will be required to submit a security deposit in the amount of 5% of the total incentive payment requested. Additional details may be found in Chapter 6 of this manual.

### 2.6.3. TNC RSOP

Project Sponsors participating in TNC's RSOP must reserve either Single-family or Multi-family incentives for a 30-day period, during which time they must complete and report installations. Only one type of reservation may be open at a time for any Project Sponsor.

- Maximum incentive request – Single-family: \$5,000      Multi-family: \$25,000
- Project Sponsor Limit: \$50,000

Chapters 4 and 5 explain implementation steps for the TNC RSOP.

### 2.6.4. Additional Information - TCC

The following is a comparison of TCC's Small and Large Projects:

**TABLE 3**  
**SMALL VS LARGE PROJECTS - TCC**

Small Projects	Large Projects
<ul style="list-style-type: none"> <li>• <i>Simplified contract</i></li> <li>• <i>No security deposit required</i></li> <li>• <i>Minimum per incentive request: \$250</i></li> <li>• <i>Maximum per incentive request: up to \$5,000</i></li> <li>• <i>Funds reserved for 30 days</i></li> <li>• <i>No milestone schedule</i></li> <li>• <i>M&amp;V Options:</i> <ul style="list-style-type: none"> <li>• <i>Deemed Savings</i></li> </ul> </li> <li>• <i>Eligible Customers:</i> <ul style="list-style-type: none"> <li>• <i>Residential</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Standard RSOP Agreement required</i></li> <li>• <i>5% Security deposit required</i></li> <li>• <i>Min. project size: \$10,000</i></li> <li>• <i>Max. project size: see section 3</i></li> <li>• <i>Funds reserved until program closes</i></li> <li>• <i>Sponsors must adhere to milestone schedule</i></li> <li>• <i>M&amp;V Options:</i> <ul style="list-style-type: none"> <li>• <i>Deemed Savings</i></li> <li>• <i>Measured Savings</i></li> </ul> </li> <li>• <i>Eligible Customers:</i> <ul style="list-style-type: none"> <li>• <i>Residential</i></li> <li>• <i>Multi-family</i></li> </ul> </li> </ul>

A Project Sponsor with an active contract in the Large Project Component may not have a contract in the Small Project Component at the same time.

Chapters 5 and 6 detail the different implementation steps involved with the Small and Large Project Components.

### 3. PROGRAM INCENTIVES

AEP shall pay Project Sponsors a fixed incentive per kW and kWh of savings. All payments will be based upon the verified demand and energy savings, rather than on the number of measures installed. The Demand (kW) payment is based on Peak Demand Savings, and the Energy (kWh) payment is based upon the first-year energy savings.

In an effort to provide a more comprehensive program, AEP will encourage projects which target counties which have typically been underserved in the RSOP by varying its incentive level, as shown in Table 4. Counties defined as underserved for the 2014 RSOP are identified in Appendix C. For qualifying measures installed in underserved counties, the incentive rate shown in Table 4 for Underserved Counties will be paid until 1) the portion of the budget reserved for Underserved Counties or 2) the entire program budget has been exhausted, whichever comes first. After the budget reserved for Underserved Counties has been exhausted, installations in those counties will be paid at either the Standard Rate or the Underserved Measures Rate, whichever is applicable.

**TABLE 4**  
**PROGRAM INCENTIVES**

	kW	kWh
<b>TCC Incentives:</b>		
Standard	\$242	\$0.08
Underserved Counties	\$296	\$0.10
<b>TNC Incentives:</b>		
Standard	\$254	\$0.084
Underserved Counties	\$296	\$0.10

**NOTE: AEP may modify its incentive payments during the program year if it is deemed necessary to meet its goals. At least 30 days' notice will be provided to participating project sponsors before any such change is made.**

*All incentive payments will be subject to the limits set forth in 3.2 of this manual.*

#### 3.1. INCENTIVE EXAMPLE

A Project Sponsor installs 30 high-efficiency AC units. The units vary in size from 2.5 to 5 tons, and in SEER rating, from 14.0 to 18.0.

Using the deemed savings table for central air conditioners (TRM) and adding up the deemed kW and kWh savings for each of the units based on the varying tonnages and SEER ratings installed, the total kW savings is 25, and the kWh savings is 55,000. Using the Standard incentive rate for TCC, the incentive payment is calculated as follows:

$$(25 \times \$242.00) + (55,000 \times \$0.08) = \$10,450$$

**Note that in all cases, payment procedures specified in the RSOP Agreement supercede this and any other documents, and all payments are subject to the limits set forth in this chapter.**

## 3.2. LIMITS ON INCENTIVE PAYMENTS

### 3.2.1. Load Factor Cap

For projects implemented under this SOP, a definite ratio (load factor cap) has been established between the kW and the kWh payment. To implement the load factor cap, the following table shows the maximum total payment allowed per kW savings. To determine the maximum combined demand and energy incentive payment (kW and kWh), multiply the kW savings by the dollar amount listed in Table 5.

**TABLE 5**  
**LOAD FACTOR CAPS**

TCC	TNC
\$627.00	\$658.00

The following are examples of application of the load factor cap at TNC:

***Example 1***

A project saved 30 kW (peak demand) and 75,000 kWh (annual savings). Without adjustment, the incentive at the TNC Standard Rate is calculated to be:

$$(30 \text{ kW} \times \$254.00) + (75,000 \text{ kWh} \times \$0.084) = \$13,920$$

Referring to the table above, the maximum allowable incentive for this project at TNC would be:

$$30 \text{ kW} \times \$658 = \$19,740$$

Since the maximum allowable incentive is greater than the actual calculated incentive, this project would not be subject to the load factor cap. The payment would be \$13,920.

***Example 2:***

A project saves 20 kW (peak demand) and 150,000 kWh (annual savings). Without adjustment, the incentive at the TCC Standard rate for is calculated to be:

$$(20 \text{ kW} \times \$242.00) + (150,000 \text{ kWh} \times \$0.08) = \$16,840$$

Referring to the table above, the maximum allowable incentive for this project at TNC would be:

$$20 \text{ kW} \times \$627 = \$12,540$$

Because the maximum allowable incentive is less than the actual calculated incentive, this project would be subject to the load factor cap. The payment would be \$12,540.

### 3.2.2. Project Sponsor Limits

To ensure that funding will be available to multiple participants, AEP has set a maximum limit on incentives paid to any one Project Sponsor. Project Sponsors may not receive more than the Project Sponsor Limit for the program year, as noted in Table 6.

**TABLE 6**  
**PROJECT SPONSOR LIMITS**

<b>TCC:</b>	
Large Projects	\$150,000
Small Projects	\$150,000
Small Projects Monthly Reservation Limit	\$25,000
<b>TNC:</b>	
Project Sponsor Limit	\$50,000
Monthly Reservation Limit	\$50,000

These limits may be waived if AEP determines that such limits would prevent it from achieving its energy efficiency goal.

### 3.2.3. Incentive Budget for Underserved Counties

AEP has also set aside a maximum budget for incentives paid at the Underserved Counties rate. Table 7 shows maximum budgets for Underserved Counties. Incentives for Underserved Counties are available on a first-come, first-served basis. The maximum budgets for Underserved Counties will be reduced as project sponsors add customers and installations in any of the counties designated as Underserved in Appendix C, until the maximum budget has been exhausted. Once exhausted, installations may still be reported for underserved counties but incentives will be paid at the applicable Standard rate. AEP reserves the right to transfer funds as needed to or from the standard and underserved incentive budgets.

**TABLE 7**  
**BUDGETS FOR UNDERSERVED COUNTIES**

<b>TCC:</b>	
Large Projects	\$650,000
Small Projects	\$650,000
<b>TNC:</b>	
	\$63,000

**3.2.4. Program Release Dates and Funding**

**TABLE 8**  
**PROGRAM RELEASE DATES AND FUNDING**

	<b>TCC Small Projects</b>	<b>TNC</b>
January 7, 2014 Release	N/A	\$375,000
January 21, 2014 Release	\$600,000	N/A
June 3, 2014 Release	\$561,115	\$44,620

No Project Sponsor has unconditional entitlement or preferential rights to any RSOP incentive funds. Failure to comply with all program requirements may result in a project sponsor's termination from the program.

## 4. PROGRAM PROCESS AND TIMELINE

AEP's Program website, [www.aepressop.com](http://www.aepressop.com), will be the key informational resource for the RSOP. The application forms, instructions, frequently-asked questions, and helper applications are accessible on the website. AEP will post important program updates throughout the year on the News & Updates page of the Program website. **Project Sponsors shall check this website regularly for all program updates.**

All applications must be completed and submitted on-line. Interested contractors may fill out an application before the submittal date. Applicants may enter the information, save, and return at a later time to make adjustments or changes.

All information **MUST** be entered in the application. If necessary, use the designation NA for "not applicable". All information must be correct for serious consideration of the application.

AEP will not reimburse any Project Sponsor for any costs incurred by participating in the RSOP, including costs of preparing the Project Application, reviewing or executing the RSOP Agreement, or preparing and submitting implementation or performance reports.

**A copy of the RSOP Agreement that will be executed by AEP and the Project Sponsor prior to project implementation is located on the website under *Downloads/Tools*. Project Sponsors are urged to review the RSOP Agreement for the appropriate component (Large or Small Projects) before submitting an application.**

### 4.1. APPLICATION PROCESS

#### 4.1.1. Application & Program Timeline

AEP will update its application web page at the times shown in Table 9. On the application submittal day, at the time scheduled below, AEP will activate a "submit button." Project Sponsors can submit their applications when this button becomes active. Project Applications will be accepted at the following times:

**TABLE 9  
APPLICATION & PROGRAM TIMELINE**

October 24, 2013 @ 10:00 am CDT	Register and begin completing applications – TCC/TNC
November 5, 2013 @ 10:00 am CST	Submit Applications – TNC
November 6, 2013 @ 10:00 am CST	Submit Large Project Applications – TCC
December 3, 2013 @ 10:00 am, CST	Submit Small Project applications - TCC
January 7, 2014 @ 10:00 am CST	Budget Reservations Begin – TNC Large Project Implementation Begins - TCC
January 21, 2014 @ 10:00 am, CST	Budget Reservations begin – TCC Small Projects
June 3, 2014 @ 10:00 am, CDT	2 <sup>nd</sup> Release of funding – TCC/TNC

AEP will accept applications until it determines that it has enough approved project sponsors to meet its goals. AEP will utilize its mail server's time stamp to determine the order of receipt. Confirmation of the receipt of the application will be sent via return e-mail.

### **4.1.2. Supplemental Documentation Requirements**

All applicants wishing to install Duct Efficiency or Infiltration measures must submit a document stating the step-by-step process of your testing procedures, including the type of testing equipment you will be using. This document should be uploaded via the website within 24 hours of application submittal.

Applicants in the Large Project Component must submit an M&V plan if they do not intend to utilize the deemed savings or simplified M&V for all measures installed.

**Testing Procedures and M&V plans must be uploaded to the appropriate Program website within 24 hours of submitting the internet application. Applications may be rejected for failure to submit documentation at the required time.**

### **4.1.3. Additional Application Guidelines – TCC Large Projects**

Additional information is required on the TCC **Large Project Application** and is described in this section.

#### **M&V Plan**

The M&V method to be used must be specified at the time of the application. M&V options are described in Chapter 2.

- Deemed Savings Option: Refer to the deemed savings measure list (TRM), and/or the excel spreadsheet file named deemedsavingshelper.xls (may be downloaded from [www.aepressop.com](http://www.aepressop.com)) to create estimates of average kW and kWh savings per installation site. You may then use these estimates to determine the incentive amount to request (Large Projects only).
- Measured Savings Option (Large Projects only): - Enter your estimate of kW and kWh savings per site. Refer to the M&V Form for a description of the additional information that needs to be submitted. Provide measure installation and savings information by customer type (Residential, Single-family or Multi-Family).

#### **Security Deposit**

A 5% security deposit will be required for all TCC Large Project applicants upon notification of application approval. The security deposit will be refunded according to the requirements outlined in Chapter 6.

## **4.2. APPLICATION REVIEW PROCEDURES**

AEP will review the Project Applications on a first-come, first-served basis. To ensure a comprehensive program targeting all eligible customers and measures while achieving its demand and energy goals, AEP will award contracts based upon the Project Sponsor's qualifications and targeted counties and measures until the RSOP has been fully subscribed. Previous program participation does not guarantee acceptance.

The application review process will take into consideration the project sponsor's record in previous programs including, but not limited to, the following criteria:

- Areas served compared to targeted areas listed on prior years' project application(s)
- Measures reported compared to targeted measures listed on prior years' project application(s)
- Level of workmanship and professionalism shown
- Ability to follow program guidelines for reporting

- History of reservations made and not completed
- History of customer complaints received
- Past inspection results history
- History of work schedules not reported
- Overall quality of work, and adherence to all program requirements

#### **4.2.1. Application Confidentiality**

AEP's RSOP is subject to oversight by the PUCT, which may request a copy of any RSOP materials that AEP receives. Sensitive information identified as such and submitted by the Project Sponsor will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. AEP shall have no liability of any kind to any Project Sponsor or other party as a result of public disclosure of any submittals.

#### **4.2.2. Application Evaluation**

AEP may reject a Project Application if:

- The Project Application is received after the Project Application period has expired
- The Project Application is received after the RSOP has been fully subscribed
- The Project Sponsor fails to meet program eligibility requirements
- The Project Sponsor fails to respond to any request for additional information
- The Project Sponsor fails to submit supplemental documentation when requested
- The Project Sponsor is found to have made material misrepresentations in the Project Application
- The Project Sponsor fails to comply with applicable federal, state and local laws and regulations
- Changes occur in laws or regulations directly affecting the RSOP
- The Project Application is found to be incomplete or insufficient
- The Project Sponsor has performed poorly in previous AEP programs
- AEP, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the RSOP Agreement
- The Project Sponsor fails to submit required insurance documentation

AEP may request clarification of, or additional information about, any item submitted as part of the Project Application. Project Sponsors will have seven (7) business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, AEP may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal.

#### **4.2.3. Project Sponsor Approval**

AEP will notify each Project Sponsor of its application status within thirty (30) business days of the submittal of the application. AEP will establish a Budget Reservation for each applicant meeting Project Application requirements in the TCC Large Project component until all program funds have been reserved. AEP may establish a Budget Reservation less than the amount the Project Sponsor has requested. AEP reserves the right to discontinue review of applications when it determines that enough applications have been received to fully-subscribe the programs and to meet its program goals.

Within seven (7) business days of the Project Application's **pre-approved status notification via email**, the Project Sponsor must provide AEP with the following, as directed in the pre-approval email:

- Two (2) signed copies of the RSOP Agreement
- Evidence of Insurance as required in the RSOP agreement. Certificates of Insurance (COI) must be mailed or e-mailed directly from the insurance agency to the attention of the appropriate AEP program administrator. AEP must be able to clearly distinguish that the COI has been sent from the issuing agency. **Emailed COIs must show in the subject line: "Certificate of Insurance: Project Sponsor name"**. Failure to submit a properly-completed COI or to maintain the required insurance will result in a lock out of the Project Sponsor from the database and possible dismissal from program participation. As a reminder, AEP requires Project Sponsors and their subcontractors to carry all statutorily required insurance, as described in the SOP Agreement.

**All COIs shall show the certificate holder as:**

American Electric Power Company, Inc. and its Subsidiaries,  
American Electric Power Service Corporation, as agent  
[to the attention of the appropriate program administrator shown below]

It is the responsibility of the applicant to relay this information to the insurance agent.

- [For TCC Large Project Component only] Security Deposit of 5% of Approved Project Application Amount – Cashier's Check, certified check, money order, or guaranteed check
- Any other documentation noted in the pre-approval email

All documents and COIs must be mailed to the appropriate Program Administrator as listed below. ***AEP is not responsible for documents not addressed to the attention of the appropriate Program Administrator:***

(for overnight delivery)  
**AEP Texas Central Company**  
Attn: Jim Fowler  
539 N. Carancahua  
Corpus Christi, TX 78401  
Phone: (361) 881-5790  
[jjfowler@aep.com](mailto:jjfowler@aep.com)

(for US Postal delivery)  
**AEP Texas Central Company**  
Attn: Jim Fowler  
P.O. Box 2121  
Corpus Christi, TX 78403  
Phone: (361) 881-5790  
[jjfowler@aep.com](mailto:jjfowler@aep.com)

(for overnight and US Postal delivery)  
**AEP Texas North Company**  
Attn: Rhonda Fahrlander  
910 Energy Drive  
Abilene, TX 79602  
Phone: (325) 674-7513  
[rfahrlander@aep.com](mailto:rfahrlander@aep.com)

It is the sole responsibility of the Project Sponsor to ensure that AEP receives the required supplemental materials by close of business on the applicable due date. **Faxed submittals are not acceptable.**

Once a Project Sponsor's application has been approved and the Agreement executed, the AEP Program Administrator will allow the Project Sponsor to access the Implementation section of

the appropriate RES website. Information on the procedures for the Small and Large Project Components may be found in Chapters 5 and 6, respectively.

### 4.3. MARKETING

Under PUCT rules, AEP may only conduct informational activities to explain the program to energy efficiency service providers and vendors. As a result, AEP must rely upon the marketing capabilities of Project Sponsors for the success of the program to AEP's distribution customers. AEP will not directly market any energy efficiency-related product or service to its customers.

Project Sponsors may not use the AEP name or logo in any correspondence or promotional material; however, Project Sponsors are encouraged to use the one-page brochure provided by AEP and available on the program website. Any other marketing materials, as defined in Appendix A, must be approved by AEP prior to their use. Examples of acceptable and non-acceptable phrases are in Appendix F. AEP reserves the right to terminate the contract of any Project Sponsor using marketing materials containing any unapproved reference to AEP.

Upon receipt of the countersigned contract and AEP approval of marketing materials, the Project Sponsor may begin marketing and installation activities.

AEP maintains an alphabetical listing of participating Project Sponsors on its main program website, [www.aepefficiency.com](http://www.aepefficiency.com). This site may be used for Project Sponsor verification by the prospective customer. AEP also includes on this site a place for program participants to register a complaint against a Project Sponsor. AEP also strongly encourages Project Sponsors to register with the Better Business Bureau(s) in those areas in which work is planned.

**Entering into an agreement with AEP as a Project Sponsor does not imply AEP's endorsement or approval of any company, product, or service.**

### 4.4. IMPLEMENTATION

**TCC Large Project Sponsors** will market and install eligible measures according to the Program guidelines and provide required installation reports. Details about procedures and reporting requirements for Large Projects are included in Chapter 6. Project Sponsors participating in the Large Project Component **must** be in "Approved" status, have current year Host Customer Agreements and wait until the program officially opens according to Table 9 prior to beginning work at a home.

**TCC Small Project Sponsors and TNC Project Sponsors** will reserve funds, install measures and report installations within a 30 day time-frame. Details about procedures and reporting requirements are included in Chapter 5. Project Sponsors participating in the Small Project Component **must** be in "Approved" status, have an open reservation and current year Host Customer Agreements prior to beginning work at a home.

The **Host Customer Agreement and Acknowledgement (HCA)** is the primary agreement executed between the Host Customer and the Project Sponsor prior to measure installation. The PUCT requires that HCAs contain certain consumer protection provisions and disclosures.

All Project Sponsors are required to use the AEP-provided HCA form. The HCA must be signed and dated by the Project Sponsor; the Host Customer; and if applicable, the subcontractor. In addition, pre- and post-CFM readings are required to be included on the HCA for all applicable measures. The R-value of existing insulation is required to be recorded on the HCA for all installations of ceiling insulation. HCA forms will be sent to Project Sponsors upon approval

and contract execution. Additional forms will be provided to Project Sponsors when requested via e-mail.

The **Field Notes Form** is required to be completed for each measure reported and is available on the Downloads/Tools page of the program website. A copy of the AHRI certificate will be required in lieu of the Field Notes Form for all HVAC installations.

#### **4.4.1. Prescriptive Requirements for Infiltration Measures**

To qualify for incentives, a minimum air leakage reduction of 10% of the pre-installation blower-door CFM reading is required. This measure must be completed, including the post-installation CFM reading, prior to starting the duct efficiency measure, if applicable. In addition to meeting the TRM requirements, unless contraindicated for health and safety reasons, the following interior leakage points shall be treated as part of this measure, **if applicable**:

- Attic access;
- All plumbing penetrations;
- Other building envelope penetrations (Any hole or opening must be sealed using the proper method to ensure a permanent seal.);
- Missing or broken window panes;
- Weather-stripping and a door sweep or threshold with door bottom weather-stripping on all exterior doors;
- Furnace closet door: For homes with gas space heating, louvered doors or open ceilings to gas space heater closets may not be sealed off to reduce air infiltration unless an outside air source is installed according to applicable building and safety codes. Any sealing of louvered doors and the installation of an outside air source must be inspected by appropriate local, county, or state governmental building inspectors.

When reporting installations in the database, project sponsors must identify any required measures that are not applicable with “n/a,” and explain the reason in the sponsor notes field for that measure.

**Failure to complete the prescriptive requirements will result in a total measure failure regardless of the CFM reading.**

**Homes cooled with window air conditioning units exclusively must be reported as “gas” heat. Electric space heaters are considered “plug-in” load and do not make the home eligible for electric heating type in this program.**

**The Air Infiltration deemed savings was revised January 2012 to include an upper limit of 4 CFM<sub>50</sub> per square foot of house floor area pre-retrofit infiltration rate. This limit will be enforced.**

#### 4.4.2. Prescriptive Requirements for Duct Efficiency Measures

**If both infiltration and duct efficiency measures are installed, infiltration measures must be done prior to performing duct efficiency measures.** Duct efficiency deemed savings are described in the TRM. To qualify for incentives for duct efficiency measures, in addition to meeting the TRM requirements, the following prescriptive requirements also apply, **if applicable**:

- Seal return air chase
- Seal plenum
- Seal all supply and return registers
- Check the condition of duct work in unconditioned space and seal or repair as necessary

When reporting installations in the database, project sponsors must identify any required measures that are not applicable with “n/a,” and explain the reason in the sponsor notes field for that measure.

**Failure to complete the prescriptive requirements will result in a total measure failure regardless if it meets the CFM reading requirement.**

**Leakage-to-Outside testing is required for all duct efficiency measures.**

**Homes cooled with window air conditioning units exclusively must be reported as “gas” heat. Electric space heaters are considered “plug-in” load and do not make the home eligible for electric heating type in this program.**

#### 4.4.3. Prior to Installation

1. Subcontractors must be approved by AEP prior to beginning installations.
2. For duct efficiency and infiltration projects, the Project Sponsor must submit a work schedule via the program website at least seven (7) days prior to beginning installations. This requirement may be modified for good cause at the discretion of the Program Manager upon request via email from the Project Sponsor and approval via email by the Program Manager. Work schedules for multi-family sites may be entered for the site as a whole.
3. Upon prior notice from the program manager, project sponsors may be required to submit daily work schedules for other measure installation projects, if AEP deems it necessary to review work in progress.
4. For Multi-family sites:
  - Multi-family projects will require pre-approval of the site and measures via the program website.
  - For multi-family projects, the Project Sponsor must submit a work schedule at least seven (7) days prior to beginning installations via the program website.
5. Host Customer must sign and date the HCA.

A CO test is required for all air infiltration, duct sealing, or wall insulation installations where combustion appliances exist. A CO test shall also be conducted for each residence with combustion (e.g., natural gas or propane) equipment or appliances. Project Sponsors are required to measure and record pre- and post-installation CO readings and shall not install any air infiltration control, duct sealing, or wall insulation measure that would result in the ambient

air CO level exceeding 9 parts per million (ppm) at project completion. All gas equipment must be on and operating when all test readings are taken.

If the results of the pre-installation CO or air infiltration tests indicate that the installation of air infiltration control measures, duct sealing, or wall insulation may result in post-installation CO or CFM levels insufficient for program standards, the Project Sponsor shall exclude these measures from installation.

AEP will not consider payment for installations submitted without the proper pre-approvals.

#### **4.4.4. Post-Installation**

Each customer must sign and date the HCA upon completion of the project to verify the measures were installed as stated. The HCA provides AEP with permission to inspect the installation, which may be required before incentive payments are approved. **The customer copy of the signed and dated HCA must be provided to the customer. All signatures and dates must be properly completed by the customer, Project Sponsor, and subcontractor (if applicable).**

**A certificate stating the R-value must be attached near the attic opening for all installations of ceiling insulation.**

If a subcontractor was used, Project Sponsor must provide the customer with an **All Bills Paid Affidavit**. A copy of the document is available on the website.

A CO test is required for all air infiltration installations where combustion appliances exist.

## 4.5. INSTALLATION REPORTING

All reporting will be done via the database accessible on the program website. Installations must be recorded on the database on a monthly basis. In addition, for participants in the Small Project Component, installations must be recorded on the website before the 30-day incentive reservation period ends. The Project Sponsor may enter the data for each installation either individually or all at one time. All required fields must be completed. Required information includes, but is not limited to, the following:

- Customer type (Single Family, Multi-family, or Mobile Home)
- Customer name and address
- AEP ESI ID number (TCC and TNC)\*
- Best day-time phone number
- County
- Type of Heating\*\*
- List of installed measures

\*AEP Texas Central customers: ESI IDs begin with 100 327 894.

\*AEP Texas North customers: ESI IDs begin with 102 040 497.

For apartment complexes, AEP will allow use of the office ESI ID and one HCA signed by the appropriate authority of the apartment complex.

**\*\*Homes cooled with window air conditioning units exclusively must be reported as “gas” heat. Electric space heaters are considered “plug-in” load and do not make the home eligible for electric heating type in this program.**

## 4.6. MONTHLY REPORTING

All installations must be submitted on a monthly report within 45 days of installation. The Project Sponsor is required to submit an **Incentive Report** between the 15<sup>th</sup> and last day of the month for all qualifying installations. To generate the **Incentive Report**, from the *Incentive Report Menu*:

- Select “Incentive Reports”
- Select “Eligible Customer List”
- Click on “Select All” or select the customers that are to appear on this month’s Incentive Report
- Click on “Submit Incentive Report”
- Incentive Report title/number is automatically generated by the database
- Review the Incentive Report for accuracy then click on “Confirm”
- Print the Incentive Report

Mail the Incentive Report and the AEP copy of the signed and dated HCA forms for each customer and the Field Data Form for each installation to the appropriate AEP Program Administrator. This close out must be completed by the last day of the month. The Project Sponsor will then mail hard copies to the program administrator. Incentive Report processing

will not begin until all required hard copies have been received by the program administrator. AEP must receive the Incentive Report and all required forms within 5 business days of the date the Incentive Report is submitted in the database.

Project Sponsors requesting payment for Deemed Savings Measures or Simplified M&V Measures may request payment for 100% of eligible incentives based on deemed savings values for installed measures.

Invoicing and payment procedures for installations involving Measured Savings are outlined in Chapter 7.

## **4.7. INCENTIVE REPORT REVIEW PROCEDURES**

### **4.7.1. Installation Inspections**

All measures installed in the RSOP must conform to or exceed the standards listed in the TRM. AEP will make random sample field inspections to determine if each measure has been installed properly and is capable of performing its intended function. Generally, up to 10% of the customer sites may be inspected; however, more sites may be inspected at the discretion of the program manager. If measures installed do not meet the inspection standards, they will not be eligible for incentives.

If AEP is unable to inspect measures installed at the customer's location, those measures may be counted as failures.

### **4.7.2. Incentive Adjustments**

After field inspections are completed, all installations will be evaluated on a measure-by-measure basis to calculate an adjustment factor for the incentive payment. This adjustment factor will be the ratio of the incentive total for all measures that pass inspection to the total incentive for all measures tagged for inspection. **The adjustment factor will then be applied to the un-inspected sites.**

The algorithm for calculating the adjustment factor is described below:

$$\text{Adjustment Factor} = \frac{\text{Incentive total for measures that pass inspection}}{\text{Incentive total for all measures tagged for inspection}}$$

In instances where all measures pass inspection, the adjustment factor is 1.00. This assumes all figures on the Incentive Report are correct. If only 75% of the inspection sample passes inspection, the adjustment factor will be .75; only 75% of the invoice will be paid. If the Project Sponsor disagrees with the payment adjustment, the Project Sponsor may request that all information be reviewed again after the Project Sponsor provides additional clarifying information. If the Project Sponsor and AEP cannot agree on the adjustments after the review, the Project Sponsor and AEP must use the dispute resolution mechanisms that are specified in the program agreement.

### **4.7.3. Accurate and Timely Reporting**

Accurate reporting is of key importance in calculating savings achieved. AEP may prohibit a project sponsor from submitting certain measures if problems occur repeatedly in accurately reporting of required information. Examples include, but are not limited to, square footage, air conditioner size, and the number and location of supply registers, plumbing penetrations, doors, and windows that were sealed. **All installations must be entered and submitted on the**

**Incentive Report within 45 days of the installation date. Failure to adhere to the reporting requirements may result in total incentive failure or cause for termination of the contract.**

#### **4.7.4. Excessive Failures**

AEP reserves the right to limit the measures a project sponsor is allowed to install or to terminate contracts due to excessive failures.

#### **4.7.5. Payment of Incentives**

Payment terms are net 45 days. Payment will be processed when the inspections are completed and the Incentive Report has been adjusted.

**AEP'S PAYMENT OF INCENTIVE PAYMENT(S) TO PROJECT SPONSOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON AEP RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS MANUAL AND THE AGREEMENT. FAILURE BY PROJECT SPONSOR TO DELIVER ANY REQUIRED NOTICE, SUBMITTAL, OR MATERIAL WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT SHALL BE DEEMED A MATERIAL BREACH OF THE AGREEMENT.**

### **4.8. PERFORMANCE PERIOD**

The Performance Period applies only to those Project Sponsors who are installing measures under the Measured Savings Option. Detailed information on the Performance Period is available in Chapter 7.

## 5. PROCEDURES – TNC RSOP and TCC Small Projects

### 5.1. SMALL PROJECT INCENTIVE RESERVATION GUIDELINES

The Project Sponsor will be able to access the Implementation page of the program website to reserve incentive amounts for specific projects. The current available incentive amount will be found on the reservation page. A Project Sponsor may reserve from \$250 up to \$5,000 with each request. These incentive requests do not need to be approved by AEP. **Each reservation will expire at the end of 30 days.**

For Multi-family projects at TNC, the Project sponsor must submit a template for pre-approval of the site and measures via the program website. Monthly limits and yearly project sponsor limits are noted in Chapter 3.

After completing a reservation, Sponsors may request additional incentives up to the monthly limits and as long as funding remains available.

#### 5.1.1. Small Project Example

An example of the implementation of a small project is as follows:

1. Project Sponsor identifies a customer in an underserved county at TCC who needs a new central air conditioner
2. Project Sponsor recommends a qualifying air conditioner, as well as duct sealing and additional attic insulation
3. Using the deemed savings tables for Zone 4, the kW and kWh savings are as follows:

Measure	kW Savings	Incentive per kW	kW Payment	kWh Savings	Incentive per kWh	kWh Payment	Total Incentive
3 ton, 14 SEER A/C	\$0.39	\$269	\$104.91	1,236	\$0.09	\$111.24	\$216.15
Duct Sealing	0.972	\$296	\$287.71	1488	\$0.10	\$148.80	\$436.51
Attic Insulation	0.42	\$296	\$124.32	478	\$0.10	\$47.80	\$172.12
Total Incentive							\$824.78

4. The Project Sponsor would need \$824.78 in incentives for this project.
5. Project Sponsor logs on to the RES Program website, checks available funding, and reserves \$1,000 in incentives. This funding is reserved for 30 days.
6. Project Sponsor installs these measures, and returns to the website within 30 days to report installation information.
7. If Project Sponsor implements other projects during the monthly reporting period, then these are combined on a single Incentive Report. Otherwise, Project Sponsor submits an Incentive Report for this single project.

*Note: All payments are subject to the limits in 3.2.*

### 5.1.2. Reservation Penalty

AEP may incorporate a reservation penalty at any time during the program year if a Project Sponsor consistently does not use a majority of their reservation. If incorporated, the maximum amount for all future reservations will be reduced.

## 5.2. FREQUENTLY-ASKED QUESTIONS

*What if the measures I actually install are slightly different from what was described in the original Small Project application?*

A Project Sponsor may only install the measures approved in the application.

*Can customer sites be combined?*

Yes. Project sites may be combined in a single Incentive Reservation Request, up to the maximum limit per request. In doing so, however, Project Sponsors should be aware that the 30-day timeframe for installing the measures still applies. Combining too many sites or installations into a single incentive reservation may make it difficult to complete installations within that timeframe.

*Do I have to give the incentive to the customer?*

No. The Project Sponsor may use the incentive in any manner they see fit. In the Host Customer Agreement that the customer and the Project Sponsor are required to sign, the customer acknowledges that the Project Sponsor is receiving incentives through a ratepayer-funded program.

*What happens if I don't record the measure installation data within the 30-day period?*

After the 30-day period expires, the incentive money that has been reserved will be withdrawn from the Project Sponsor, and will go back into the incentive budget.

*What happens if I don't report the measure installation data within 45 days and how is this different from the 30-day requirement?*

A Project Sponsor records each installation individually. Any installation must be recorded before the current open reservation expires. All recorded installations must then be submitted monthly on an Invoice Report which summarizes all completed installations. Any and all completed installations must be submitted on an Invoice Report within 45 days for accurate reporting. Failure to report installations within 45 days may result in total incentive failure or cause for termination of the contract.

*What happens if I reserve incentive funding, but don't get to do the project?*

Project Sponsors should be cautioned against reserving more funds than will be used in the 30 day period. Poor performance in this area may be used by AEP to limit a Project Sponsor's future participation. ***A reservation penalty may also be incorporated to limit the amount a project sponsor may reserve, as noted in 5.1.2.***

### 5.3. SUMMARY OF SMALL PROJECT PROCEDURES

#### **Application and Approval Process:**

1. Complete Project Sponsor Application Forms at [www.aepressop.com](http://www.aepressop.com)
2. Submit Project Sponsor Application Forms via [www.aepressop.com](http://www.aepressop.com) at the appropriate time
3. Upload the following within 24 hours of application, if applicable:
  - Summary of the step-by-step process of your testing procedures and the type of testing equipment you will be using (Duct Efficiency or Infiltration measures only)
4. AEP will notify applicants of the status (pre-approved, rejected or pending) of their application within 30 business days
5. Successful applicant must ensure that AEP receives all items as requested in the contract pre-approval e-mail within 7 business days
6. Once all of the above has been received and approved, AEP will execute the Agreement

#### **Prior to Installation:**

1. Subcontractors must be approved by AEP prior to beginning installations
2. All marketing materials must be approved by AEP
3. The Small Project Sponsor checks for available funding at [www.aepressop.com](http://www.aepressop.com)
4. Sponsor requests incentives; minimum incentive amount is \$250 and the maximum is up to \$5,000 (\$25,000 limit at TNC for Multi-family requests)
5. The customer must sign and date the HCA
6. Project Sponsor adds customer to the work schedule
7. Project Sponsor adds preliminary data to Field Notes Form

#### **After Installation:**

1. Customer must sign and date the HCA indicating measures were installed
2. Project Sponsor must provide customer with the signed customer copy of the HCA
3. If using subcontractors, provide the customer with All Bills Paid Affidavit
4. Project Sponsor adds post-installation data to Field Notes Form

#### **Reporting:**

Project Sponsor must complete installations ***and record*** installation information via website within 30 days of each incentive request. All installations, regardless of the reservation date, will be entered and submitted on the Incentive Report within 45 days of the installation date.

Project Sponsor must also submit an **Incentive Report** by the last day of the month and mail the following to the Program Administrator to be received within 5 business days:

1. Incentive Report for the month
2. AEP copy of the HCA form for each customer included on the Incentive Report
3. Field Notes Form (or AHRI certificate for HVAC) for each installation

#### **Payment:**

Payment may be adjusted based on the results of the inspections and are subject to the limits set forth in Chapter 3.

## 6. LARGE PROJECT PROCEDURES

### 6.1. PROJECT MILESTONES

The Project Sponsor must adhere to the required implementation milestone schedule.

Milestone 1: 40% of the contract must be completed **and** reported by May 31, 2014

Milestone 2: 75% of the contract must be completed **and** reported August 31, 2014

For the purpose of measuring a Project Sponsor's progress towards achieving its milestones, AEP will use the total amount paid after any adjustments, for invoices submitted by the milestone date.

Failure to meet the milestones may result in forfeiture of a proportional share of the funds reserved for the Project Sponsor. AEP may withdraw Budget Reservation according to the percentage below the milestone's target.

In the event the Project Sponsor has achieved little or no progress toward achieving the goal by the milestone date, AEP reserves the right to withdraw the Project Sponsor's entire incentive reservation. Such failure to adhere to the milestone schedule shall constitute an event of default under the agreement.

#### ***Example: Large Project***

A Project Sponsor signs an RSOP agreement and has \$20,000 of incentive funds reserved by AEP.

*Milestone:*

Goal:  $0.40 \times \$20,000 = \$8,000$

Amount Achieved = \$4,000

Budget Withdrawal = \$4,000

Revised Contract Amount = \$16,000

Prior to the milestone date, the Project Sponsor performs installations and submits required reports resulting in \$4,000 worth of incentives after review of the inspections and reports. Because the amount achieved is less than the milestone goal, AEP withdraws \$4,000 of budget reservation for that Project Sponsor, making this money available to other Project Sponsors.

### 6.2. SECURITY DEPOSIT RETURN

Project security deposits required by Section 4.1 will be returned to the Project Sponsor when 90% or more of the Project Sponsor's estimated incentives have been met through inspection-adjusted, approved invoices. Otherwise, the project security deposits will be retained by AEP.

*Security Deposit Example for \$20,000 reserved incentive funds:*

$\$20,000 \times 0.90 = \$18,000$

Before the end of the program year, the Project Sponsor will have to install measures resulting in \$18,000 of incentives in order to recover the Security Deposit.

### **6.3. SUMMARY OF LARGE PROJECT PROCEDURES**

#### **Large Project Application and Approval Process**

1. Complete and submit Application Forms at [www.aepressop.com](http://www.aepressop.com)
2. Submit Application Forms via [www.aepressop.com](http://www.aepressop.com)
3. Submit the following within 24 hours of application, if applicable:
  - Summary of the step-by-step process of your testing procedures and the type of testing equipment you will be using (Duct Efficiency or Infiltration measures only)
  - M&V plan, if using the measured savings option
4. AEP will notify applicants of the application's status within 30 business days
5. Successful applicant must ensure that AEP receives all items as requested in the contract pre-approval e-mail within 7 business days
6. Once all required items have been received and approved, AEP will execute the RSOP agreement

#### **Prior to Installation:**

1. Subcontractors must be approved by AEP prior to beginning installations
2. All marketing materials must be approved by AEP
3. Customer must sign and date the HCA
4. Prior to installations at Multi-family sites:
  - Submit multi-family projects for pre-approval of the site and measures via the website
  - For multi-family projects, submit a work schedule at least seven (7) days prior to beginning installations via the website
  - AEP will not consider payment for installations submitted without the proper pre-approvals
5. Project Sponsor adds preliminary data to Field Notes Form

#### **After Installation:**

1. Customer must sign and date the **HCA** indicating measures were installed
2. Project Sponsor must provide customer with the signed customer copy of the **HCA**
3. If using subcontractors, provide the customer with **All Bills Paid Affidavit**
4. Project Sponsor adds post-installation data to Field Notes Form

#### **Reporting:**

All installations will be entered and submitted on the Incentive Report within 45 days of the installation date.

1. Report installations on-line by the last day of the month
2. Review & close out Incentive Report by the last day of the month
3. Mail the following to the Program Administrator:
  - Incentive Report for the month
  - The AEP copy of the HCA form for each customer included on the Incentive Report (if multi-family unit then a single HCA form signed by the appropriate authority of the complex is sufficient)
  - Field Notes Form (or AHRI certificate for HVAC) for each installation

#### **Payment:**

After inspecting a random sample of sites, AEP will issue payment based upon the percentage of measures that pass inspection. All payments are subject to the limits set forth in Chapter 3.

#### **Milestones & Security Deposit**

Milestones: 40% Completion by May 31, 2014  
75% by August 31, 2014.

Deposit refunded when 90% or more of the Project Sponsor's estimated incentives have been met through inspection-adjusted, approved Incentive Reports.

## **7. PERFORMANCE PERIOD FOR MEASURED SAVINGS OPTION**

**Please note:** This chapter provides information to Project Sponsors who are installing measures for which the Measured Savings Option has been selected in the Large Project component. Project Sponsors who are installing measures entirely under the Deemed Savings Option do not need to follow any of the procedures outlined in this chapter.

### **7.1. INTRODUCTION**

M&V procedures must follow the guidelines of the International Performance Measurement Verification Protocol (IPMVP). Further, these M&V procedures must conform to the M&V plan that was submitted with the Sponsor's Project Application and approved by AEP.

The Project Sponsor who chooses the Measured Savings Option may request the M&V option be changed from the Measured Savings Option to the Deemed Savings Option within the first three months of the Project Implementation Period.

### **7.2. INCENTIVE REPORT**

The Project Sponsor must submit the Incentive Report, as outlined in Chapter 4, and may submit implementation period Incentive Reports. The Project Implementation Report (PIR) and HCAs must accompany such reports.

For installations involving Measured Savings, the Project Sponsor may request payment for 40% of the Estimated Savings kW and kWh after submittal of the monthly PIR.

Incentive Reports for "Post Performance Period" Measured Savings may be submitted after the Performance Period. (The length of the Performance Period will vary according to the types of measures installed and the Project Sponsor's M&V Plan.) This Performance Period Incentive Report shall be for 60% of the Estimated Savings kW and kWh, or for the balance of savings identified through measurement and verification, whichever is less.

Note: the Estimated Savings, expressed as the initial Estimated Incentive Payment, shall always be the cap for incentive payments. Project Sponsors shall refund any payments made in excess of the M&V-determined incentive amount that may have been paid upon initial measure installation reporting via the Project Implementation Report.

AEP may adjust the incentive payment based on findings from field inspections. Payment terms are net 45 days.

### **7.3. THE PERFORMANCE REPORT**

The Project Sponsor must submit a Performance Report within 45 days after the Performance Period has ended. The length of the Performance Period will vary based on the types of measures installed--generally one year for HVAC or building envelope measures, with shorter Performance Periods possible for non-weather-dependent measures. This report must contain the following components:

#### **7.3.1. M&V Methodology Description**

This is a description of the particular analysis technique (IPMVP Option A, B, C or D) used to determine baseline and post-installation energy consumption. The information should summarize the Project Sponsor's M&V Plan that is outlined in the Measurement and Verification Procedures in Appendix D of this manual. This report should be formatted so as to facilitate AEP's review.

### **7.3.2. Performance Payment Calculations**

Provide pre- and post-installation energy use calculations, including a complete description of any adjustments to baseline energy use, which should contain all variables and assumptions used in baseline adjustment calculation methodology. Include results of metering, billing data analysis, or other calculations.

The performance payment will be equal to the performance incentive payments minus payments made during the implementation period. This payment will also take into account any adjustments AEP found necessary to perform during site inspections. The performance payments and implementation payments cannot exceed payments for incentives applied for under the project application and specified in the program agreement. When the Project Sponsor determines the kW and kWh savings for all the approved measures by the specified M&V analysis, the result will be multiplied by the appropriate incentives to determine the performance period incentive payment. Payments will be based on verified savings analysis and weighted-average incentive rates that reflect incentive rates for the project's actual mix of measures. Refer to Chapter 3 for incentive levels.

AEP will review the Performance Report's measured kW and kWh savings, and incentive amounts. These figures will be compared to those figures provided in the Project Implementation Reports to ensure all figures are reasonable and consistent with the Project Application.

AEP will determine the approved performance payment by adding the performance year savings incentive for the measures installed, and subtracting all payments made for the Implementation Period.

Total Incentive payments cannot exceed the total eligible payments that are estimated in the Project Sponsor's Project Application and RSOP Agreement.

If there are any adjustments to be made to kW or kWh savings or incentive payments, AEP will notify the Project Sponsor in writing and provide the necessary supporting documentation. Upon receipt of the notification, Project Sponsor shall revise the Performance Report to correct the deficiency. The revised Performance Report shall be resubmitted until it is approved by AEP. If the Project Sponsor disagrees with the adjustments, it must notify AEP in writing and request a meeting between the two parties be conducted to resolve the disputed adjustment(s). If the two parties cannot resolve these issues, the dispute resolution process provided in the Residential SOP Agreement must be utilized.

## **7.4. PERFORMANCE PERIOD INVOICE**

Project Sponsors may submit their Performance Period Incentive Report along with the Performance Report, as specified above. AEP will review the Performance Report and pay any undisputed performance period incentive amounts within 45 days.

**APPENDIX A - GLOSSARY****- A -**

**Affiliate:** As adopted by the PUCT, an Affiliate is:

- (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of an energy efficiency service provider;
- (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by an energy efficiency service provider;
- (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
  - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of an energy efficiency service provider; or
  - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider; or
- (E) a person who is an officer or director of an energy efficiency service provider or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (F) a person who actually exercises substantial influence or control over the policies and actions of an energy efficiency service provider;
- (G) a person over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) a person who exercises common control over an energy efficiency service provider, where "exercising common control over an energy efficiency service provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of an energy efficiency service provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or
- (I) a person who, together with one or more persons with whom the person is related by ownership, marriage or blood relationship, or by action in concert, actually exercises substantial influence over the policies and actions of an energy efficiency service provider even though neither person may qualify as an affiliate individually.

## - B -

**Baseline:** For purposes of determining estimated and measured energy savings for equipment replacement projects implemented under the SOP, the baseline is generally defined as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. In certain limited circumstances, the baseline may be determined by the equipment or conditions currently in place. This is likely to occur only when federal energy efficiency standards do not apply, or when the existing equipment can be shown by the Project Sponsor to have a remaining service life of at least ten years. For determining estimated and measured savings for building shell improvements, the baseline is generally determined by the building's current condition, e.g., existing insulation R-values, air infiltration rates, etc.

**Budget Reservation:** The amount of incentive funds AEP sets aside during the project implementation phase for a given Project Sponsor who has submitted a successful application prior to AEP's complete commitment of funds through Budget Reservations to other Project Sponsors.

## - D -

**Deemed Savings:** A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that a utility may use instead of energy and peak demand savings determined through measurement and verification activities.

**Demand Savings:** A quantifiable reduction in the rate at which energy is delivered to or by a system at a given instance, or average over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

## - E -

**Energy-Efficiency Measures (EEM):** Equipment, materials, and practices that when installed and used at a customer site result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kW, or both.

**Energy Efficiency Project:** An energy efficiency measure or combination of measures installed under an SOP Agreement or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.

**Energy Efficiency Service Provider:** A person who installs energy efficiency measures or performs other energy efficiency services.

**Energy Savings:** A quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced as a result of the installation of qualifying Energy-Efficiency Measures. Energy savings are determined by comparing the efficiency of the installed Measures to that of an appropriate Baseline.

**Existing Equipment:** The equipment that is installed at the host customer's site prior to the customer's participation in the SOP.

## - H -

**Host Customer or Customer:** A residential distribution customer of AEP that owns or leases facilities at a Project Site or Sites and that has entered into a Host Customer Agreement with Project Sponsor for the installation of Measures as a part of Project.

## - I -

**Implementation Payment:** The first of two incentive payments made to a Project Sponsor. The implementation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A Project Sponsor may submit an invoice for this payment following AEP's approval of the Project Sponsor's Project Implementation Report (PIR).

**Incentive Payment:** Payments made to an Energy Efficiency Service Provider based on the level of approved demand and energy savings (expressed as kW and kWh). Incentive rates are based on PUCT approved avoided costs and incentive caps.

**Inspection:** Onsite examination of a project to verify that a measure has been installed and is capable of performing its intended function.

## - M -

**Marketing Materials:** any method of customer outreach including but not limited to printed materials, radio, television, internet, and social media whether conducted by the project sponsor or by anyone marketing on behalf of the project sponsor.

**Measurement and Verification Plan:** The Project Sponsor's specific plan for verifying measured savings estimates. The measurement and verification (M&V) plan should be consistent with the International Performance Measurement and Verification Protocol.

**Measured Energy Savings:** The Energy Savings derived during Performance Period, from the Measures installed at the Project Site as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

## - P -

**Peak Demand:** The electrical demand at the time of the highest annual demand on the utility's system, measured in 15 minute intervals.

**Peak Demand Reduction:** Peak demand reduction on the utility system during the utility system's peak period, calculated as the maximum average demand reduction over a period of one hour during the peak period.

**Peak Period:** For the purposes of this program, the peak period is defined as the hours from 1 PM to 7 PM CDT weekdays, from June 1 through September 30 (federal holidays and weekends excluded).

**Performance Period:** The one-year period, for weather-dependent measures or shorter for non-weather-dependent Measures, following the approval of a Project Sponsor's Project Implementation Reports. It is during this period that measurement and verification is to take place.

**Performance Payment:** The second of two incentive payments made to a Project Sponsor under the terms of an SOP Agreement. The performance payment is based on the one-year measured

energy savings documented in AEP's M&V Report and may be up to 60% of the total estimated incentive included in the SOP Agreement.

**Program Manual:** The complete set of AEP RSOP materials, including the program description, procedures and forms.

**Project Application:** The Project Application, comprising of a set of standard forms, is submitted by an organization wanting to participate in the SOP as a Project Sponsor.

**Project Site:** The location of a Host Customer's facilities where approved Measures will be installed and from which Peak Demand Savings or Energy Savings, or both, will be obtained. A single Project may include Measures installed at multiple Project Sites.

**Project Sponsor:** Any organization, group, or individual who contracts with AEP to provide Energy Savings or Peak Demand Savings, or both, under the SOP.

**Prudent Electrical Practices:** Those practices, methods, standards, and equipment commonly used in prudent electrical engineering and operations to operate electrical equipment lawfully and with safety, dependability, and efficiency and in accordance with the National Electrical Safety Code, the National Electrical Code, and any other applicable federal, state and local codes. In the event of a conflict, the applicable federal, state, or local code shall govern.

## - R -

**Renewable Demand Side Management (DSM) Technologies:** Equipment that uses a renewable energy resource that, when installed at a customer site, reduces the customer's net purchases of energy (kWh), electrical demand (kW), or both.

## - S -

**SOP Agreement:** A contract entered into by the Project Sponsor and AEP following the approval of the Project Sponsor's project application and AEP's design of a project-specific M&V plan. The SOP Agreement specifies the energy-efficiency measures to be installed, the expected energy savings, the expected total incentive payment, and the agreed-upon M&V approach.

## - T -

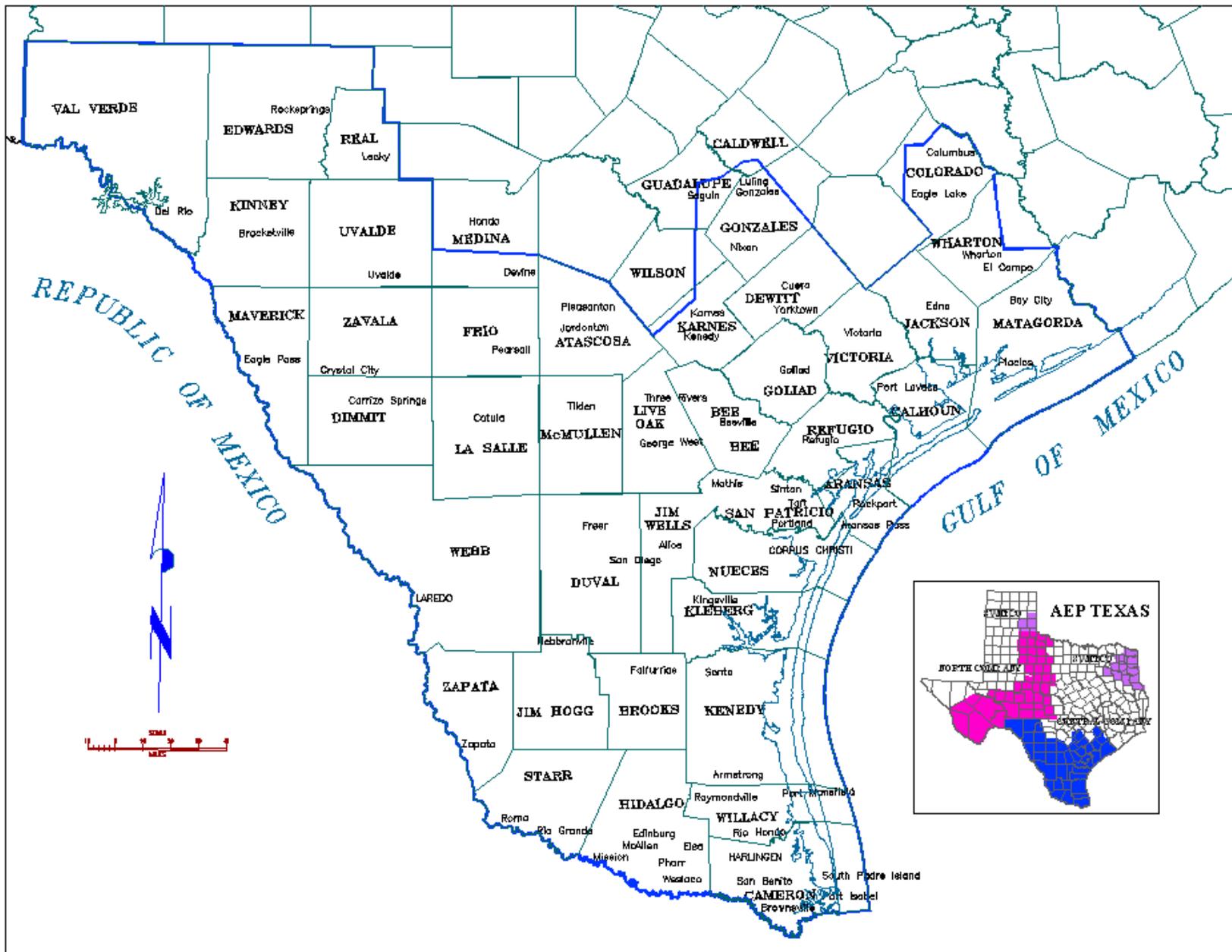
**Technical Reference Manual:** A resource document compiled by the PUCT's EM&V contractor that includes information used in program planning and reporting of energy efficiency programs. It can include savings values for measures, engineering algorithms to calculate savings, impact factors to be applied to calculated savings (e.g., net-to-gross values), protocols source documentation, specified assumptions, and other relevant material to support the calculation of measure and program savings.

**APPENDIX B - SERVICE AREA**

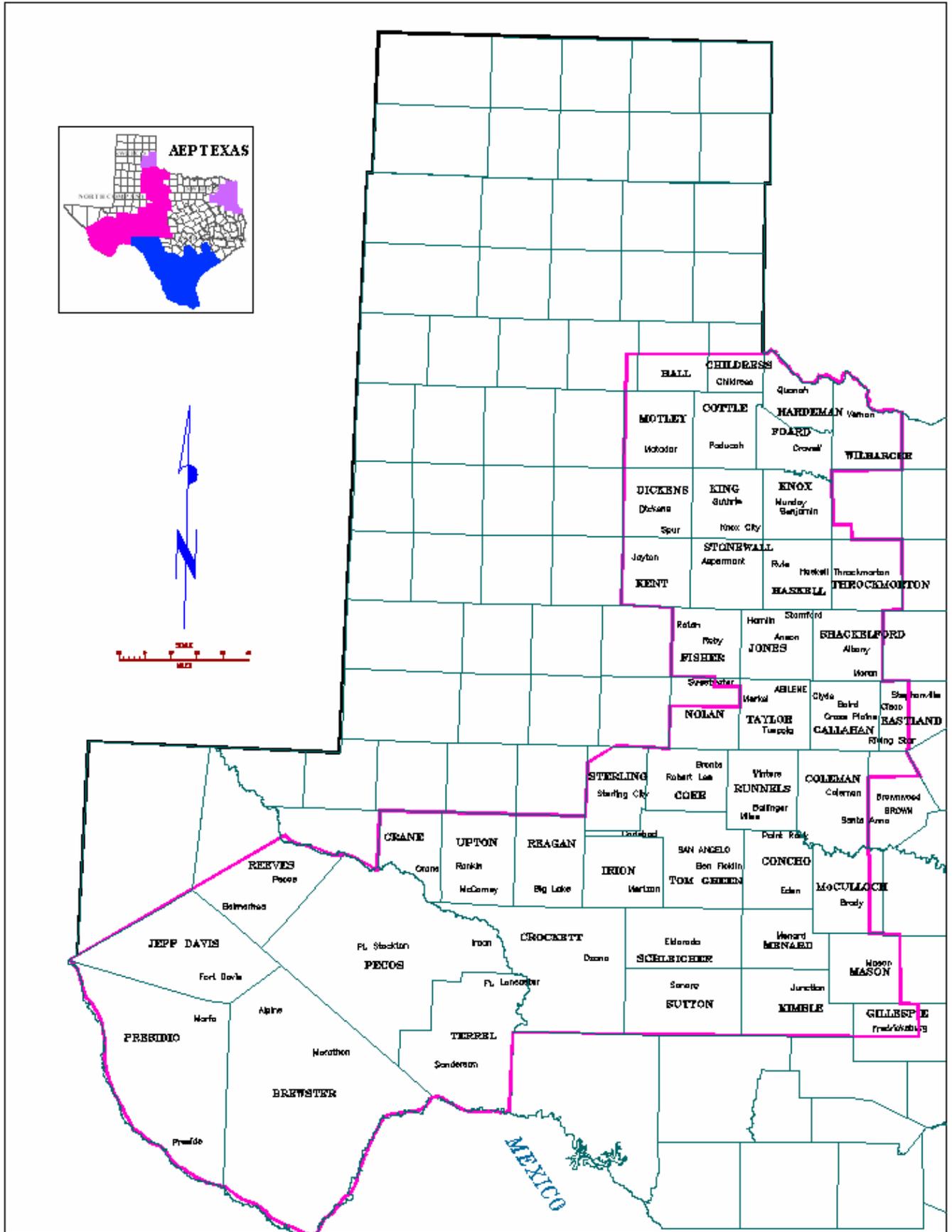
**AEP TEXAS DISTRIBUTION COMPANIES – COUNTIES SERVED**

AEP- TEXAS CENTRAL COMPANY		AEP- TEXAS NORTH COMPANY			
County	Climate Zone	County	Climate Zone	County	Climate Zone
Aransas	4	Baylor	2	Kimble	2
Atascosa	3	Brewster	2	King	1
Bee	3	Briscoe	1	Knox	1
Brooks	4	Brown	2	Mason	2
Caldwell	3	Callahan	2	McCullough	2
Calhoun	4	Childress	1	Menard	2
Cameron	4	Coke	2	Motley	1
Colorado	3	Coleman	2	Nolan	2
DeWitt	3	Concho	2	Pecos	2
Dimmit	3	Cottle	1	Presidio	2
Duval	4	Crane	2	Reagan	2
Edwards	2	Crockett	2	Reeves	2
Frio	3	Dickens	1	Runnels	2
Goliad	3	Eastland	2	Schleicher	2
Gonzales	3	Edwards	2	Shackelford	2
Guadalupe	3	Fisher	2	Stephens	2
Hidalgo	4	Foard	1	Sterling	2
Jackson	3	Gillespie	2	Stonewall	1
Jim Hogg	3	Hall	1	Sutton	2
Jim Wells	4	Hardeman	1	Taylor	2
Karnes	3	Haskell	2	Throckmorton	2
Kenedy	4	Irion	2	Tom Green	2
Kinney	3	Jeff Davis	2	Upton	2
Kleberg	4	Jones	2	Wilbarger	1
La Salle	3	Kent	1		
Live Oak	3				
Matagorda	3				
Maverick	3				
Medina	3				
McMullen	3				
Nueces	4				
Real	2				
Refugio	4				
San Patricio	4				
Starr	4				
Uvalde	3				
Val Verde	3				
Victoria	3				
Webb	4				
Wharton	3				
Willacy	4				
Wilson	3				
Zavala	3				
Zapata	4				

### AEP Texas Central Company



### AEP Texas North Company



## APPENDIX C - UNDERSERVED COUNTIES

### AEP Texas Central Company's RSOP 2014 Underserved Counties

ATASCOSA  
BEE  
BROOKS  
CALDWELL  
COLORADO  
DE WITT  
DIMMIT  
DUVAL  
EDWARDS  
FRIO

GOLIAD  
GONZALES  
GUADALUPE  
JACKSON  
JIM WELLS  
KENEDY  
KINNEY  
LA SALLE  
LIVE OAK  
MAVERICK

MCMULLEN  
MEDINA  
REAL  
REFUGIO  
UVALDE  
VAL VERDE  
WHARTON  
WILSON  
ZAPATA  
ZAVALA

### AEP Texas North Company's RSOP 2014 Underserved Counties

BRISCOE  
COTTLE  
DICKENS  
FOARD  
HALL  
HARDEMAN

KENT  
KING  
KNOX  
MOTLEY  
STONEWALL

## Appendix D - Measurement and Verification Procedures

The Residential SOP offers two measurement and verification (M&V) options that can be used for determining energy savings and incentive payments.

The first of these options is referred to as the “Deemed Savings Option.” This option provides pre-determined energy savings amounts for most of the common energy-efficiency measures. These deemed savings values have been approved by the PUCT. (For a listing of these savings values, refer to TRM.) This option allows for incentive payments that are more predictable and require fewer administrative resources.

The second option is referred to as the “Measured Savings Option.” With this option, actual measurements and analysis are relied upon to calculate energy savings. This option may provide more accurate savings measurements, but will also add to both Project Sponsor’s and to AEP’s administrative costs. Project Sponsors selecting this option must submit an M&V plan with their Project Application. All proposed M&V plans must be approved by AEP before any measures may be installed. In addition, if AEP, in its sole judgment, determines that its own administrative costs would be substantially increased as a result of Project Sponsor’s proposed M&V plan, it has the option of charging the Project Sponsor for these incremental administrative costs.

During the development of the Project Application, the Project Sponsor must specify which M&V option is going to be utilized. Once the M&V option is selected, the Project Sponsor must adhere to this process throughout the entire term of the SOP Agreement. However, the Project Sponsor may request the M&V option be changed from the Measured Savings option to the Deemed Savings option within the first three months of the Project Implementation Period.

The payments calculated below may be adjusted based on results of AEP’s site inspection results as described elsewhere in this document and in the SOP Agreement.

### Deemed Savings Option

If the project consists of energy efficiency measures for which deemed savings have been approved by the PUCT and the Project Sponsor wishes to be paid entirely on the basis of these deemed savings values, then the Project Sponsor is eligible to receive 100% of deemed savings incentive payments within 45 days after submitting a monthly implementation report and invoice, subject to AEP’s on-site inspection results.

Refer to the Program Manual for a description of the process for submitting reports, documentation, and invoices.

### Measured Savings Option

The Measured Savings Option provides a mechanism of measurement and verification (M&V) where actual measurements and analysis are relied upon to calculate energy savings. This option has specific measurement and verification procedures, which are based on the International Performance Measurement and Verification Protocol (IPMVP). This Protocol specifies how and what M&V procedures are to be used in calculating energy savings. Project Sponsor will receive an initial payment that represents 40% of the total estimated incentive payment within 45 days after

submitting a monthly implementation report and invoice, subject to AEP's post-installation inspection results.

For measured savings projects, AEP will use the following formula to calculate the amount of the initial (implementation) payment:

$$\text{Implementation Payment} = [((\text{estimated kW}) \times (\$/\text{kW incentive})) + ((\text{estimated kWh}) \times (\$/\text{kWh incentive}))] * 40\%$$

The second payment (the "Performance Payment") will be based on the energy and demand savings that the Project Sponsor measures and documents in its M&V Report at the conclusion of the performance period. The performance period starts at the conclusion of the installation period and extends for up to one year to allow sufficient time for measurement of savings. Performance Payment may be up to 60% of the total estimated incentive included in the SOP Agreement, and will be calculated as follows:

$$\text{Performance Payment} = [((\text{measured kW saved}) \times (\$/\text{kW incentive})) + ((\text{measured kWh saved}) \times (\$/\text{kWh incentive}))] - \text{Implementation Payment}$$

Under no circumstances will AEP make a total incentive payment (i.e., the sum of the implementation payment and the performance payment) that is more than 100% of the total estimated incentive payment specified in the SOP Agreement. If the final M&V Report indicates that the measured savings are less than the estimated savings, then the total incentive payment will be less than the payment estimated in the Agreement. If the above formula results in a negative amount, the Project Sponsor must refund that amount to AEP within 45 days of the submittal of the M&V Report.

If the Project Sponsor specified the Measured Savings Option in the project application, it must perform detailed measurement and verification (M&V) procedures that are specified in the International Performance Measurement Verification Protocol (IPMVP). The IPMVP Protocol contains four methodologies that the Project Sponsor can use to perform the necessary M&V

## Detailed M&V Plan Requirements

If a Project Sponsor elects to provide a detailed M&V plan, it must conform with the International Performance Measurement and Verification Protocol (IPMVP). A copy of IPMVP may be downloaded from the World Wide Web at <http://www.ipmvp.org>. Copies can also be obtained from the following source:

Efficiency Renewable Energy Clearing House (EREC)

Contact by telephone at 1-800-DOE-EREC, or fax name, address & telephone number to EREC at (703) 893-0400, and ask for the "International Performance Measurement and Verification Protocol," and include the code IPMVP. Project Sponsors may also transmit a request via E-mail at [doe.erec@nclinc.com](mailto:doe.erec@nclinc.com).

All four measurement options presented in IPMVP (Options A, B, C, &D) are applicable to residential projects, given certain considerations. The choice of the M&V method is influenced by building and equipment type, along with the type of retrofit.

## **APPENDIX E - FORMS**

All Bills Paid Affidavit

Host Customer Agreement & Acknowledgement

**AFFIDAVIT OF PAYMENT OF CONTRACTORS,  
LABORERS, AND MATERIALMEN**

Date: \_\_\_\_\_

Affiant: \_\_\_\_\_

Host Customer: \_\_\_\_\_

Property: \_\_\_\_\_  
\_\_\_\_\_

Affiant on oath swears that the following statements are true:

1. Affiant is the seller and the installer of the high efficiency materials and equipment as described on the accompanying Host Customer Agreement.
2. Affiant has paid each of Affiant’s contractors, laborers, and materialmen in full for all labor and materials provided to Affiant for the purchase and installation of the high efficiency measures. Affiant is not indebted to any person, firm, or corporation by reason of any such construction.
3. Affiant hereby warrants that no mechanics or materialmen’s liens will be placed on Host Customer’s property relating to the installation of high efficiency measures.

\_\_\_\_\_  
Affiant Signature

\_\_\_\_\_  
Affiant Name and Position

---

Acknowledgement

STATE OF TEXAS                    §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ , by seller.

\_\_\_\_\_  
Notary Public, State of Texas

**2014 HOST CUSTOMER AGREEMENT & ACKNOWLEDGEMENT**

This Agreement is entered on this day \_\_\_\_\_ between the following two parties;

(Date)

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, TX, \_\_\_\_\_, and \_\_\_\_\_  
(Host Customer/Title) (Street Address) (City) (Zip Code)  
(Best Daytime Phone Number)

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_  
(Project Sponsor) (Street Address) (City) (State) (Zip Code)  
(Phone number)

Project Sponsor is participating in one of the following Standard Offer Programs (“SOP”) developed by American Electric Power (“AEP”): Check One:  Hard-to-Reach SOP  Residential SOP

**Project Sponsor and Customer agree as follows:**

1. Project Sponsor agrees to sell and install and Customer agrees to purchase the energy efficiency measures described on the **Bill of Sale** that will produce energy savings and/or peak demand savings that are qualified for the SOP.
2. Project Sponsor warrants that it will install all energy efficiency equipment or materials in a good and workman-like manner consistent with the prevailing standards for efficiency measure installation as practiced by qualified contractors in the area and inform Customer of any adverse environmental or health effects associated with the measures installed.
3. Customer has received a list of equipment to be installed (quantity, model #s and efficiency ratings): **(Refer to Bill of Sale)**
4. Project Sponsor will maintain, or will ensure subcontractor maintains, liability insurance to cover property damage.
5. Customer has received a written and oral disclosure of the financial arrangement between Project Sponsor and Customer. This includes an explanation of the total Customer payments, the total expected interest charged, all possible penalties for non-payment, and whether Customer’s installment sales agreement may be sold: **(Refer to Bill of Sale)**.
6. Customer has received a written disclosure of all warranties, work activities and terms and conditions: **(Refer to Bill of Sale)**
7. If a subcontractor is used, Project Sponsor shall provide Customer an “All Bills Paid” affidavit guaranteeing that no mechanic's or materialmen's liens will be placed on Customer’s property relating to the installation of energy efficiency measures pursuant to this Agreement..  
**Subcontractor:** \_\_\_\_\_ Address \_\_\_\_\_ Phone #: \_\_\_\_\_  
If a subcontractor is used, subcontractor must sign where indicated below.
8. Project Sponsor will provide a complaint procedure for Customer to address performance issues by the Project Sponsor or subcontractor.
9. In the event of non-performance by Project Sponsor or the subcontractor, Customer may make a complaint to the Office of Customer Protection of the Public Utility Commission of Texas (PUCT) at 1-888-782-8477 (TTY 1-800-735-2988) or the Office of the Attorney General’s Consumer Protection Hotline at 1-800-621-0508.
10. Customer shall have the right to cancel this Agreement at any time and for any reason prior to midnight of the third business day following the date of this Agreement. Customer may exercise this right of cancellation by providing Project Sponsor any written statement that is signed and dated by Customer and states Customer’s intention to cancel this Agreement.
11. Customer acknowledges that Project Sponsor is receiving an incentive for the energy and peak demand savings derived from Customer’s energy efficiency improvements and that such incentive is paid for through a ratepayer funded program, manufacturers or other entities. In addition, the Project Sponsor must measure and report to the utility the respective energy and demand savings.
12. Customer acknowledges that any review, inspection, or acceptance by AEP of Customer’s premises or of the design, construction, installation, operation or maintenance of the energy efficiency equipment is solely for the



## **APPENDIX F - MARKETING MATERIAL: ACCEPTABLE AND UNACCEPTABLE**

Information has sometimes been relayed to customers that is incorrect or misleading, giving the customer a misrepresentation of the responsibility of the Utility Company. Suggestions are offered here for correct verbiage that can be used. Statements in the second section are incorrect and must NOT be used.

### **Acceptable phrases:**

"The local electric utility company has started an energy conservation program for their customers..."

"This program is offered at subsidized or no cost to the homeowner."

"The electric delivery companies are purchasing the energy savings we have provided you."

"The State of Texas has developed programs to assist qualified electric customers with installing energy saving improvements to help reduce consumption of energy..."

"Current State law requires local electric utilities to make funds available to independent contractors so that you have the opportunity to improve the energy efficiency of your home."

"The Utility Companies typically call about 10% of the customers we do work for to ensure we are following guidelines and proper upgrades have been done."

"...your only obligation may be to allow the utility to inspect our work."

"(Project sponsor) provides free upgrades to your home to lower costs on your electric bill."

"(Project sponsor) is not part of, or endorsed by the PUCT or the local electric utility. We are an independent company that provides energy efficiency measures under the programs for electric utilities."

"These funds are provided by rate payers and are regulated by the Public Utility Commission."

"The State of Texas has developed programs to encourage energy service providers to offer energy conservation services to electric customers of investor-owned utilities."

### **These phrases, or anything similar, are NOT to be used:**

"All costs are paid by your electric company."

"Would you like your utility company to pay for energy efficiency upgrades to your home at no cost to you?"

"It is free because we are paid by the utilities"

"We are getting paid but not from you, but by your utility company."

"(Project Sponsor) bills your electric utility for the work performed on your home."