

RESIDENTIAL STANDARD OFFER PROGRAM
SMALL PROJECT MASTER AGREEMENT

This Residential Standard Offer Program Small Project Master Agreement (the "Agreement") is made and entered into by and between **AEP TEXAS NORTH COMPANY**, a Texas corporation (hereinafter "TNC"), and _____ (hereinafter "Project Sponsor") (TNC and Project Sponsor each hereinafter referred to as a "Party" and together as the "Parties"). In consideration of the mutual covenants and agreements hereinafter set forth, the adequacy and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - TERM AND TERMINATION

The term of this Agreement shall commence on the date of execution by TNC (the "Effective Date") and, unless otherwise terminated as set forth herein, shall continue in force and effect for a period of fifteen (15) months from the effective date or until final payment by TNC of the amounts due pursuant to Article V herein, whichever first occurs.

ARTICLE II – CONTRACT DOCUMENTS

"Contract Documents" shall mean: (i) Project Sponsor's approved Project Application, attached hereto and incorporated herein as Exhibit A; (ii) Project Sponsor's approved Supplemental Applicant Information, attached hereto and incorporated herein as Exhibit B; (iii) the SOP Manual, attached hereto and incorporated herein as Exhibit C; (iv) the Terms and Conditions, attached hereto and incorporated herein as Appendix 1; and (v) this Agreement together with any and all other exhibits, addenda, or amendments referenced herein or made a part hereof in accordance with this Agreement.

ARTICLE III--COMPLIANCE WITH SOP MANUAL

3.1 By executing this Agreement, Project Sponsor acknowledges that it reviewed a copy of the SOP Manual (Exhibit C) prior to signing the Agreement and that it acknowledges that the SOP Manual describes program procedures, incentive amounts, and limits on incentive payments. Project Sponsor represents and affirms that its participation in the SOP has at all times been in compliance with the procedures and conditions set forth in the SOP Manual and that any failure to comply therewith may be treated as a breach of this Agreement notwithstanding the fact that such failure occurred prior to the execution of this Agreement. Project Sponsor also acknowledges that it meets or exceeds all of the qualifications required to participate in the SOP as described in the SOP Manual and that failure to meet the qualifications therein may be treated as a breach of this Agreement.

3.2 Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of both Parties, unless expressly provided otherwise in the SOP Manual. Any such agreement shall be attached hereto and incorporated herein for all purposes.

3.3 Upon Project Sponsor's submission of an Incentive Request for a Project on the TNC website, TNC will reserve those funds for 30 days or until Project Sponsor releases those funds via the website. All terms and conditions of this Agreement shall govern and be incorporated into any Incentive Request submitted by Project Sponsor, and all proposed Measures, energy savings and demand savings, requested incentive amounts, and other details relating to a Project as set forth in the Project Application shall be incorporated into this Agreement.

ARTICLE IV - PROJECT IMPLEMENTATION

4.1 The Project Sponsor shall install all Measures to complete the Project and record via the website installations to meet the reserved incentive amount by thirtieth (30th) day after the date it submits an Incentive Request on the TNC web site (www.AEPpressop.com) ("Reservation Date"). All Measure installations must be submitted on an Invoice Report within 45 days of installation. Project Sponsor shall submit an Invoice Report documenting the installation information to TNC via the TNC web site by the last day of each month following the Reservation Date. Any Project with a Reservation Date of October 31, 2012 or later shall be completed by November 30, 2012.

4.2 Within forty five (45) days of receipt of an invoice, TNC shall complete an inspection of a statistically significant sample of the Measure installations at the Project Site. For Projects involving less than thirty (30) installations, TNC may aggregate the Projects for purposes of inspection, provided, however, that Project Sponsor shall not be penalized for the inspection failure rate of another project sponsor. This inspection shall be used to determine whether the Measures were installed and are capable of performing their intended function of producing Energy Savings and Peak Demand Savings. If TNC reasonably determines that the Measures at the Project Site(s) have been installed, tested and inspected to the extent required by TNC and found to be capable of providing Peak Demand Savings and Energy Savings in material compliance with the Contract Documents, the invoice will be approved as submitted. As set forth in Chapter 3 of the SOP Manual, a Load Factor cap governs the total payment allowed, based on the ratio between demand and energy savings from a Project. If TNC is unable to inspect Measure installations at the Project Site, those Measures may be counted as failures.

4.3 The Project Sponsor's progress towards completing the Project shall be determined independently by TNC, who will evaluate the inspected, installed Measures on a measure-by-measure basis to calculate an adjustment factor for Energy Savings and incentives. This adjustment factor will consider the ratio of savings of the Measures that were inspected and pass the inspection to the total incentive for Measures tagged for inspection on the invoice. The adjustment factor will then be applied to each installation not inspected on the invoice. Failure of the Project Sponsor to timely complete or report a Project shall constitute an Event of Default, and may, in TNC's discretion, result in disqualification of the Project. As described in Chapter 4 of the SOP Manual, TNC may withhold or deny payment for Measures installed at Project sites to the extent that customer identification information is not provided or is incorrectly reported on the invoice.

4.4 TNC'S PAYMENT OF INCENTIVE PAYMENT(S) TO PROJECT SPONSOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON TNC RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS 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 THIS AGREEMENT.

ARTICLE V – PAYMENT

TNC will make the Incentive Payment within forty-five (45) days of its receipt and approval of the invoice submitted by Project Sponsor according to Section 4.1 of this Agreement. The Incentive Payment will be one hundred percent (100%) of the amount due for the Deemed Savings set forth in an approved Invoice Report or as adjusted in accordance with Section 4.3.

ARTICLE VI - NOTICES

6.1 All notices from one Party to the other will be deemed to have been delivered if hand delivered or sent by United States mail to the following addresses:

TNC:
AEP Texas North Company
910 Energy Drive

Abilene, TX 79602
Phone: 325-674-7513
Attn: Rhonda Fahrlander

Project Sponsor:

6.2 Either Party may change its address by written notice to the other in accordance with this Article VI.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

AEP Texas North Company
By: _____
Name: Billy G. Berny
Title: Manager, EE/DR Programs
Date: _____

PROJECT SPONSOR
By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A
Project Application

The Project Application, for purposes of this Exhibit A, Project Application, is the file available for download in PDF format on the aepressop.com site upon notification of application approval. The Project Sponsor should download and print this file for inclusion as Exhibit A of the SOP Agreement.

EXHIBIT B

Supplemental Applicant Information

EXHIBIT C

Residential Standard Offer Program Manual

The Official Manual, for Purposes of Exhibit C, RES SOP Manual, is the file available for download in PDF format on the Downloads/Tools page of the AEPressop.com site. The Project Sponsor should download and print this file for inclusion as Exhibit C of the Small Project Master Agreement.