

**XCEL ENERGY'S 2023
RESIDENTIAL STANDARD OFFER
PROGRAM**

AND

**HARD-TO-REACH STANDARD OFFER
PROGRAM**



January 2023

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1. Executive Summary

Xcel Energy is offering the Residential Standard Offer Program (RSOP) and the Hard-to-Reach Standard Offer Program (HTRSOP) to its Texas customers. The SOP's are open to a wide range of contractors, service companies and community action agencies referred to as Market Actors.

As a participant in these programs, Market Actors will install qualified energy efficient measures that deliver peak demand savings (kW) and /or annual energy savings (kWh) at existing homes. Xcel Energy will pay a fixed price in the form of incentives for kW and kWh savings provided by the energy efficiency measures installed.

The Public Utility Commission (PUC) of Texas has issued rules and requirements for the SOPs that are to be implemented by the electric utility companies serving Texas customers. Those rules and requirements are outlined in Substantive Rule 25.181, also known as the Energy Efficiency Rule. The purpose of this manual is to identify and explain these program requirements and to serve as a reference for potential Market Actors.

Program Changes

Significant changes were made to the Xcel Energy Standard Offer Programs for 2023

- Small Commercial installations are to be submitted under the Small Commercial Program.
- The same tracking system P3 will be used for the 2023 program year
- A work schedule is required for all projects.
- Large and Small project components may be offered.
- Market Actors do not make reservations for the program year.
- There are changes to ceiling insulation, duct efficiency and infiltration measures
- Heat Pumps with non-electric backup furnaces are to be reported as AC/Gas.
- Post-infiltration measurement MUST be taken before duct efficiency work begins.
- Failure to complete prescriptive requirements will result in total measure failure regardless of CFM readings.
- Customers in Lubbock Texas no longer qualify as participants.
- HVAC incentives are available for new or retrofit units.

It is the Market Actor's responsibility to review the current year manual in its entirety plus reviewing the TRM 10.0 prior to submitting an application.

Notice: Xcel Energy reserves the right to incorporate any or all changes resulting from PUC proceedings into Xcel Energy's 2023 programs as they are approved. Market Actors will be provided with adequate notice of any changes affecting their projects.

2. Program Design

2.1. Program Description

The primary objective of these programs is to achieve cost-effective reduction of peak demand. These performance-based programs offer incentive payments for “deemed” energy savings generated by installing energy efficient measures.

Approved Market Actors are responsible for marketing their services to Xcel Energy homeowners in Texas, contracting with homeowners, installing the measures, and reporting their work to Xcel Energy. Xcel Energy then inspects a randomly generated customer sample. Payment is made for the demand and energy reductions based on the percentage of installations that are approved by inspection as capable of delivering the reported savings.

Xcel Energy has designed the SOP manual to provide Market Actors who contract with Xcel Energy the specific requirements of the SOP’s. By contracting with Xcel Energy, Market Actors 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.

2.2 Program Process

The following steps are followed by a prospective Market Actor.

1. Applicants apply to become Market Actors in either the Large or the Small Project Component.
2. The Large and Small Projects Components have different amounts for budgeted funding.
3. Enrollment Applications are accepted on-line at sps.p3.enertrek.com.
4. Applicants specify which measures they plan to install.
5. Contracts are signed with approved applicants or Market Actors.
6. Once under contract, Market Actors market their services to Xcel Energy homeowners, contract with the homeowners and install the measures.
7. Market Actors report their work on the sps.p3.enertrek.com website. As each home site is reported, the incentive is reduced from the budget funds for that particular component.
8. Market Actors submit projects for the monetary value of demand and energy savings supplied by the measures installed.
9. The database calculates the invoice amount based on the PUCT-approved deemed savings values.
10. Xcel Energy personnel inspect a randomly generated customer sample.
11. Incentive payment is made based on the percentage of installations that are approved by inspection.

2.3 Market Actor Eligibility

A Market Actor is any company, person, organization, or individual who contracts with Xcel Energy to provide energy savings under the SOP's. The following types of organizations are among those eligible to participate as Market Actors:

- Energy service companies
- Local contractors
- 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

Participants must meet minimum eligibility criteria and demonstrate their financial, technical, and managerial qualifications. Subcontractors must be identified in the application and may provide only services the Market Actor is not qualified to deliver. A subcontractor can be added at a later date with program administrator approval. Market Actors and their subcontractors are required to carry all statutorily required insurance, as described in the SOP agreement.

2.4 Participant Eligibility

All participants must be customers of Xcel Energy Texas as identified by use of the premise or meter number. The online search function in the database will validate all Xcel Energy Texas customers.

Participants may include:

- **Single Family** - A residential dwelling consisting of four or less units (i.e. a quadriplex or less)
- **Mobile Home** – 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 floor to the ground.
- **Multi-Family** – A residential building containing more than four dwelling units individually metered. Each unit is counted as a residence. The common areas are considered commercial space and are not eligible in the Res/HTR SOP. Master metered facilities are classified as Commercial facilities and are not eligible in the Res/HTR SOP. Town homes consisting of more than four connected units are multi-family.

Note: All multi-family projects must be approved by Xcel Energy prior to installation. Market Actors must request pre-approval via the website and provide a work schedule at least ten (10) working days prior to measure installation.

Multi-Family projects are only allowed in the Large Project Component. No work may begin prior to Xcel Energy approval of the site and work schedule.

2.4.1 Documenting the Eligibility of Hard-to-Reach Customers

Hard-to-Reach customers are defined as those customers with a total household income of less than 200% of current federal poverty guidelines. These income levels are as follows:

200 Percent of Health and Human Services (HHS) Poverty Guidelines

Size of family unit	Annual income	Monthly income	Weekly income
1	\$ 29,160	\$ 2,430	\$ 561
2	\$ 39,440	\$ 3,287	\$ 759
3	\$ 49,720	\$ 4,143	\$ 956
4	\$ 60,000	\$ 5,000	\$ 1,154
5	\$ 70,280	\$ 5,857	\$ 1,352
6	\$ 80,560	\$ 6,713	\$ 1,550
7	\$ 90,840	\$ 7,570	\$ 1,747
8	\$ 101,120	\$ 8,427	\$ 1,945
Each additional person, add:	\$ 10,280	\$857	\$ 198

* **Notice:** Income ceilings are for February 1, 2023—January 31, 2024.
Annual updates are posted on <http://www.puc.texas.gov/industry/electric/forms/>

To document a single-family customer’s hard-to-reach status, the Market Actor should have the host customer complete and sign the *Public Utility Commission’s Customer’s Self Certification of Income Eligibility Form*. If the Market Actor is implementing a project at a multi-family building, the Market Actor must complete a *Public Utility Commission of Texas Property Owner Certification Form of Tenant Income Eligibility*. Both forms are available on the SOP Website (www.xcelenergyefficiency.com). For multi-family residences of five or more dwelling units, Market Actors are eligible to receive the higher hard-to-reach incentive payments for measures installed in all units if 75% or more of the residents qualify as hard-to-reach. For multi-family residences of 2-4 units, the entire building qualifies if at least half of the residents qualify as HTR.

2.5 Energy Efficiency Measure Eligibility

Eligible measures have been approved by the PUC and are assigned a deemed savings value to be used in calculating the incentive payment. Tables 1 and 2 in this section provide listing of eligible and ineligible measures. Appendix A provides the corresponding Deemed Savings and installation requirements.

If any of the baseline equipment at a project has been removed prior to the execution of the SOP Agreement, the entire project will be disallowed.

Xcel Energy shall have final authority on whether any particular measure is eligible for incentives.

2.5.1 Additional Requirements for HTR Projects

For HTR projects, Market Actors must install one or more *Primary Measures* at each site, in order for any measure installation at that site to be eligible for the higher HTR incentive levels. The Primary Measures are:

- ◆ **Air Infiltration Control**
- ◆ **Wall, Ceiling, or Floor Insulation**
- ◆ **Duct Sealing**
- ◆ **HVAC System Replacement**
- ◆ **Water Heater Replacement**
- ◆ **ENERGY STAR[®] windows**
- ◆ **ENERGY STAR[®] refrigerators**
- ◆ **LED's**

For multi-family HTR buildings, the Market Actor must install at least one of the above measures in each applicable unit. As an example, if ceiling insulation is chosen by the Market Actor and property manager, then it must be installed in each unit in the multi-family building that has an unconditioned space above it. If wall insulation is to be installed, then it must be installed in the non-insulated exterior walls of each unit in that particular building.

For the air infiltration control, duct sealing, and wall insulation measures, there is a minimum post-retrofit CFM ventilation rate that must be maintained, and there is a maximum allowable post-retrofit carbon monoxide (CO) level. Please refer to the web site for more information on these requirements, and for additional measure specifications and installation standards.

Table 1

Examples of Eligible Measures and Projects

Envelope Measures

- **Insulation: ceiling, wall and floor**
- **ENERGY STAR® windows**
- **Infiltration control**
- **Duct sealing**

Cooling and Ventilation Measures/Projects

- **High efficiency air conditioning replacements**
- High efficiency gas air conditioning replacing electric

Heating Measures/Projects

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

Electric Water Heating Measures

- Energy and water-efficient clothes washers
- **High efficiency gas water heater replacing electric resistance water heaters**

Other Measures/Projects

- **ENERGY STAR® refrigerators**

The following measures are eligible only in The Hard-to-Reach Program:

- *Showerheads and aerators*
- *Window unit air conditioners*
- *Solar screens*

Primary HTR Measures appear in boldface. (See Section 2.5.1)

The following measures will be accepted in HTR homes with evaporative cooling. All other measures must be installed in a home with refrigerated air conditioning

- Ceiling Insulation
- Wall insulation
- Floor insulation
- Solar screens
- Energy Star® Windows

Table 2
Examples of Ineligible Measures and Projects

- Measures that do not raise efficiency above current standards
- 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 Xcel Energy program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects

Xcel Energy has the final authority determining any question to measures eligibility for incentives.

2.6 Carbon Monoxide and Blower Door Testing

Prior to the installation of an air infiltration control, duct sealing, or wall insulation measure, a pre-installation blower door test is required, and a CO test shall be conducted for each residence with combustion (e.g. natural gas or propane) equipment or appliances. Market Actors are required to measure and record pre- and post CO readings and shall not install any measure that would result in an ambient air CO level exceeding 9 parts per million (ppm) at project completion. The Air Infiltration section of Appendix A contains additional CO testing requirements. Market Actors shall use the pre- and post-installation blower door air infiltration test results to verify that the final air exchange rate of a household shall not be less than the standards set forth in Appendix A, “Air Infiltration section, Minimum Final Ventilation Rate Table.

3. Program Incentives

Note that in all cases, payment procedures and amounts specified in the SOP Agreement supersede this and any other documents.

3.1 Incentives

Incentive rates for Residential and Hard-to-Reach projects are based on a percent of the avoided cost benefit. Demand (kW) payment is based on Peak Demand Savings.

	Residential	Hard-to-Reach (HTR)
kW	\$358	\$630
kWh	\$0.12	\$0.20

3.2 Limits on Incentive Payments

An important objective of the Standard Offer Programs is to encourage projects that:

- Provide a comprehensive range of energy efficiency measures, and
- Allow Xcel Energy to achieve significant summer peak demand reduction.

In order to accomplish this, Xcel Energy will institute:

- Load factor caps, which limit the incentive amounts paid for projects that provide relatively little summer peak demand reduction.

For projects implemented under this SOP, there is a limit on the ratio of kWh payment to kW payment. This is to discourage projects that produce relatively little of their annual energy savings during Xcel Energy’s peak summer demand period.

For example, in residential projects the maximum total payment (kWh and kW payments combined) is \$650 per kW of peak summer demand savings. The following table lists the load factor cap maximum incentive paid per kW saved for the different Programs.

Load Factor Caps

	Max. Incentive per kW saved
Residential	\$820
Hard-to-Reach	\$1000

Incentive Example

Here are two examples:

Example 1

An HVAC project saved 25 kW of summer peak demand and 50,000 annual kWh. The unadjusted incentive payment for this project would be:

$$(25 \times \$358) + (50,000 \times \$0.115) = \$14,700$$

The maximum allowable incentive for this project is 25 kW multiplied by \$820, or \$20,500.

This project would not be subject to the load factor cap.

Example 2

A variable-speed motor retrofit saves 20 kW of summer peak demand and 150,000 annual kWh. The unadjusted incentive payment for this project would be:

$$(20 \times \$358) + (150,000 \times \$0.115) = \$24,410$$

The maximum allowable incentive for this project is 20 kW multiplied by \$820, or \$16,400.

This project would be subject to the load factor cap.

The load factor caps are applied to the total project's kW and kWh incentive payments and not to individual measures. As a result a Market Actor may receive full payment for measures with high load factors, as long as the average load factor for the invoice does not exceed the cap.

3.3 Program Funding

	Residential	Hard-To-Reach
Projects	\$272,400	\$385,275

No Market Actor has unconditional entitlement or preferential rights to any RSOP / HTR incentive funds. Failure to comply with all program requirements may result in Market Actor's termination from the program.

3.5 Market Actor Limits

To ensure that funding will be available to multiple participants, Xcel Energy has set a maximum limit on incentives paid to any one Market Actor. Market Actors may not receive more than the Market Actor Limit for the program year,

Market Actor Limits

	Residential	Hard-to-Reach (HTR)
Projects	\$45,000	\$64,000

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

4 Program Process and Timeline

Xcel Energy’s Program website, www.xcelefficiency.com is the key informational resource for the Res/HTR SOP. Interested parties should check this website regularly for all program updates. The application forms, instructions, and supporting applications are accessible on this website.

Submittal of Market Actor Applications will be via this designated Website, and Applications will be considered on a first-come, first-served basis.

4.1 Application Process

All applications shall be completed and submitted on-line. Interested contractors can fill out an application prior to the submittal date.

All information shall be entered in the application, if necessary, use the designation NA for “not applicable” **All information must be correct on the application.**

Xcel Energy will not reimburse participants for costs incurred applying, participating in, application preparation, reviewing or executing the Agreement, preparing or submitting implementation or performance reports in the SOP’s

Applicants are urged to review the SOP Agreement before submitting an Application. *Once the application period has begun, Xcel Energy will not entertain proposed modifications to the SOP Agreement.*

4.1.1 Application Timeline

Xcel Energy will activate a “Submit” button for each component on the date and time listed below. Confirmation of the receipt of the application will be sent via return e-mail.

Program Component	Date	Time
Residential		
Registration and Submittal	December 12 th , 2022	10:00 AM CST
Hard-to-Reach		
Registration and Submittal	December 12 th , 2022	10:00 AM CST

Xcel Energy will continue accepting applications until it appears all funding for the program year are dispensed.

4.1.2 Supplemental Documentation Requirements

At the time the application is submitted online, the following documents must be **uploaded** into the database.

- Electronically Signed SOP Agreement.
- All insurance certificates. Certificates must meet all requirements listed in Exhibit C of the agreement.
- Sponsors will be required to provide insurance effective and expiration dates in application. Failure to provide insurance coverage renewal will cause sponsor to be locked out of program until coverage is confirmed.
- A copy of all industry licenses and certifications such as HVAC, electrical or plumbing licenses and other certifications such as HERS, HERO, insulation installation, etc.
- Copies of all employee drivers' license or picture ID.
- Applicants conducting Duct Efficiency or Infiltration measures shall upload written step-by-step testing procedures including the type of equipment used along with the most recent calibration dates.

Failure to provide required documents with the application will result in automatic rejection of sponsor application.

4.1.3 Application Review Procedures

Xcel Energy will review the Sponsor Applications on a first-come, first-served basis. Xcel Energy may request clarification or, or additional information about any item submitted as part of an application. Applicants will have seven (7) business days to respond in writing to such requests. If the clarification or additional information provided is not sufficiently responsive, Xcel Energy may, at its sole discretion, request additional information or discontinue its evaluation of the application.

4.1.4 Application Confidentiality

Xcel Energy's SOP's are subject to oversight by the PUCT, which may request a copy of any SOP materials received. Sensitive information identified as such and submitted by the applicant will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. Xcel Energy shall have no liability of any kind to any Applicant or other party as a result of public disclosure of any submittals.

4.1.5 Application Evaluation

Xcel Energy may reject an Application if;

- The application is received after the application period has expired.
- The application is received after the SOP program has been fully subscribed.
- The applicant fails to meet program eligibility requirements.
- The applicant fails to respond in writing to any request for additional information.
- The applicant is found to have made material misrepresentations in the application.
- The applicant fails to comply with federal, state and local laws and regulations.
- Changes occur in laws or regulations directly affecting the SOP's.
- The application is found to be incomplete or insufficient.
- The applicant has performed poorly in a previous Xcel Energy or other utility programs.
- The applicant fails to provide any documentation requirements.
- Xcel Energy, in its sole judgment, determines that the applicant is incapable of fulfilling the terms and conditions of the Standard Agreement.

4.2 Market Actor Approval

Xcel Energy will notify each Market Actor of its application status within thirty (30) days of submittal. Market Actors are required to provide the supplemental documentation as required in section 4.1.2. It is the sole responsibility of the Applicant to ensure that Xcel Energy receives the required documentation.

Required documentation must be uploaded into the database.

5 Program Implementation

Due to the requirement that Xcel Energy achieve specified levels of kW savings for this program within each budget cycle, it is important that projects be completed by close of business October 15, 2023.

Upon receipt of the “approved” email notice from the database and approval of all submitted marketing materials, the Market Actor may begin marketing and installation activities.

5.1 Marketing

Under PUCT rules, Xcel Energy may only conduct informational activities to explain the SOP's to energy efficiency service providers and vendors. As a result, Xcel Energy must rely upon the marketing capabilities of Market Actors to sell projects to customers.

Market Actors may not use the Xcel Energy name or logo in any correspondence or promotional material. ***Any marketing materials Market Actors plan to distribute to customers shall be approved by the program administrator prior to their use.*** Examples of acceptable and non-acceptable phrases are listed in the appendices. Xcel Energy reserves the right to terminate the agreement of any Market Actor using marketing materials containing any unapproved language or reference to Xcel Energy.

An alphabetical listing of participating Market Actors is kept on the Texas page of the program website, www.xcelefficiency.com. Prospective customers may use this site for verification of Market Actor participation.

Xcel Energy encourages Market Actors to register with the Better Business Bureau(s) in areas they plan to offer services.

Entering into an agreement with Xcel Energy as a Market Actor does not imply Xcel Energy's endorsement or approval of any company, product, or service.

5.2 Host Customer Agreement

The Host Customer Agreement (HCA) is the primary agreement executed between the Host Customer and the Market Actor prior to measure installation. The PUCT requires that HCA's contain certain customer protection provisions and disclosures.

The HCA must be signed by the Market Actor; the Host Customer; and if applicable, the subcontractor. The HCA provides Xcel Energy the ability to request access to inspect the installation. An approved HCA form is available on webpage downloads section. A copy of the completed, signed HCA shall be provided to the customer. If a subcontractor is used, Market Actors shall provide an **"All Bills Paid Affidavit"** to the customer upon completion of the project. A copy of this document is available on the webpage.

5.3 Obtaining Premise ID Numbers from Xcel Energy

Xcel Energy uses premise numbers to identify service locations. This is not the same as the customer account number. Market Actors may input the premise number if known or search for a customer location by inputting the meter number in the search function available in the Add new customer section of the implementation page. This search function will populate the address, city, state, zip code and county information for the customer location.

5.4 Customer Satisfaction

Market Actors are required to request participating customer email addresses for the purpose of evaluating customer satisfaction. Customers included on the monthly installation report will be sent an electronic survey. Survey responses will be compiled and reported to the Market Actor. Multiple negative customer responses will warrant a review of sponsor services and may result in contract termination.

6 Project Reporting and Invoicing

Reporting and invoicing will be completed via the website. The Market Actor will upload the required supporting documentation to the data base before submitting the report.

6.1 Installation Reporting

It is strongly recommended that installations be recorded in the database on a daily basis. When an installation is reported, the database will deduct the incentive from the total balance of funds for the program. For help with the implementation process, refer to the User Guide located under “Help” section of the website.

6.2 Invoicing

Due to the nature of the first-come first-served program design, Market Actors are encouraged to enter projects as early and as often as possible. Before submitting projects, ensure that all required documents are uploaded for each project. Market Actors have two options for submitting projects:

One-by-One Submission

1. Access your Project List and selected the project name that you wish to submit.
 - a. Note that only projects that are in the “Work Completion Pending” status can be submitted.
2. Within the Project Details page, select the “Perform Project Action” dropdown menu (in the top right panel under the project status).
3. Select “Submit Project” from the dropdown menu. A confirmation message will appear.
4. Select “Submit Project” within the confirmation window.
5. Project will be submitted if it meets all of the program requirements.

Batch Submission

1. Access your Project List and select the checkboxes in the far-left column for each project that you wish to submit.
 - a. Note that only projects that are in the “Work Completion Pending” status can be submitted.
2. Select the “Batch Action” dropdown menu.
3. Select “Submit Project” from the dropdown menu. A confirmation message will appear.
4. Select “Submit Project” within the confirmation window.
5. Projects will be submitted if they meet all of the program requirements. Prior to submitting the Project, the following hard copy documents must be uploaded into the database.
 - Signed copies of the HCA
 - HTR Certification forms (if applicable)
 - Copies of Contractor field data sheets (Including all pre and post testing data and measures installed)

Each month, Xcel Energy will review and process the submitted projects. Once the reviewed projects are approved and ready for incentive payment, Xcel Energy will batch up the approved projects for that month and pay them within 30 days.

Project Payments

7.1 Installation Inspections

All measures installed in the Res/HTR SOP shall conform to or exceed the standards listed in Appendix A. Deemed Savings Installation & Efficiency Standards. Xcel Energy will inspect a random sample of customer sites to determine if measure has been installed properly and is capable of performing its intended function for the measure life. If measures installed do not meet the inspection standards, they will not be eligible for incentives.

If Xcel Energy is unable to contact the customer to make an inspection, the Market Actor may be asked to make inspection arrangements. If Xcel Energy is unable to inspect measures installed at the customer’s location, the customer may be excluded from the invoice or those measures may be counted as failures.

7.2 Invoice Adjustments

After field inspections are completed, all installations will be evaluated 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 pass the inspection to the total incentive specified in the Measure Inspection Report and project application. The adjustment factor will then be applied to the incentive amount for payment. The algorithm for calculating the adjustment factor is described below:

$$\text{Adjustment Factor} = \frac{\text{Total incentives for measures that pass inspection}}{\text{Total incentives for all measures selected for inspection}}$$

This assumes all figures on the implementation report are correct. Any errors will be corrected prior to finalizing the adjustment factor.

In the event the Market Actor disagrees with the payment adjustment, the Market Actor may request that all information be reviewed again after providing additional clarifying information. If the Market Actor and Xcel Energy cannot agree on the adjustment after the review, the parties shall use the dispute resolution mechanisms specified in the program agreement.

7.3 Accurate Reporting

Accurate reporting is of key importance in calculating savings achieved. Xcel Energy may prohibit a Market Actor from submitting certain measures if problems occur repeatedly in accurate reporting of required information such as square footage and air conditioning size.

All installations shall be entered and submitted on the Summary Report within forty-five (45) days of the installation date. Failure to adhere to the reporting requirements may be cause for termination of the agreement.

7.4 Excessive Failures

Xcel Energy reserves the right to limit the measures a Market Actor is allowed to install or to terminate the agreement due to excessive failures.

7.5 Payment of Invoices

Payment terms are net 60 days. Payment will be processed after inspections are completed and the invoice has been adjusted and submitted for payment.

XCEL ENERGY'S PAYMENT OF INCENTIVE PAYMENT(S) TO MARKET ACTOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON XCEL ENERGY RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM MARKET ACTOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS MANUAL AND AGREEMENT. FAILURE BY MARKET ACTOR 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.

Appendix A

Deemed Savings All Residential Measures for Xcel Energy Programs

DEEMED SAVINGS INTRODUCTION

The link below contains all the approved energy and peak demand deemed savings values established for energy efficiency programs in Texas. The figures correspond with the set of residential and small commercial sector deemed savings values approved by the Public Utility Commission of Texas.

[Technical Reference Manual v10.0](#)

Appendix B Glossary

- A -

Affiliate: As adopted by the PUC, 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 Market Actor 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 Xcel Energy sets aside during the project implementation phase for a given Market Actor who has submitted a successful application prior to Xcel Energy's complete commitment of funds through Budget Reservations to other Market Actors.

- C -

Contracted Capacity Savings: As defined in an SOP Agreement, the amount by which a project is expected to reduce peak demand consumption (measured in kW) at the host customer's site(s).

Contracted Energy Savings: As defined in an SOP Agreement, the amount by which a project is expected to reduce energy consumption (measured in kWh) at the host customer's site(s).

- 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: The maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded). The demand savings are measured against a predetermined baseline for deemed savings measures.

- 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 a 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. An energy efficiency service provider may be a retail electric provider or a customer, if the person has executed a SOP Agreement.

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-efficient equipment. Energy savings are determined by comparing the efficiency of the installed equipment 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 Program.

- H -

Hard-To-Reach Customers: Customers with an annual household income at or below 200% of the federal poverty guidelines, and who have properly completed a PUCT-approved income verification form.

Host Customer or Customer: A residential distribution customer of Xcel Energy that owns or leases facilities at a Project Site or Sites and that has entered into a Host Customer Agreement with Market Actor, or is a customer acting as its own Market Actor, for the installation of Measures as a part of Project. "Host Customer" excludes all Project Sites that are new construction or major rehabilitation projects.

- I -

Implementation Payment: The first of two incentive payments made to a Market Actor. The implementation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A Market Actor may submit an invoice for this payment following Xcel Energy's approval of the Market Actor'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 Commission 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 -

Measure: The new equipment, material, or systems that, when installed and used at a Project Site, improve the electrical efficiency of existing and ongoing electricity-consuming end uses which meet the requirements of the Contract Documents. Measures do not include equipment, material or systems that are installed as a part of new construction or major rehabilitation.

Measurement and Verification Plan: The Market Actor'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 Capacity Savings: The maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded), as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

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 Savings: For purposes of the Xcel Energy Standard Offer Program, Peak Demand Savings is the maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded).

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 May 1 through September 30 (holidays excluded).

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

Performance Payment: The second of two incentive payments made to a Market Actor under the terms of an SOP Agreement. The performance payment is based on the one-year measured energy savings documented in Xcel Energy'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 Xcel Energy Residential SOP materials, including the program description, procedures and forms.

Project: The sum of all activities required to achieve the Estimated Energy Savings and Estimated Peak Demand Savings included in the Market Actor's application.

Project Application: The Project Application, comprising a set of standard forms, is submitted by an organization wanting to participate in the SOP Program as a Market Actor. On the Project Application, the Market Actor provides information about itself, the site at which the proposed project will be installed, and a general description of the proposed project.

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

Market Actor: Any organization, group, or individual who contracts with Xcel Energy to provide energy savings under the SOP Program.

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 Market Actor and Xcel Energy following the approval of the Market Actor’s project application (PA) and Xcel Energy’s design of a project-specific measurement and verification (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.

Appendix C Lighting Adjustment Factors

For projects where lighting kW % or kWh % is greater than 65%, the incentive payments shall be adjusted based on the following formulas:

$$\text{Adjusted kW savings} = (\text{Total kW} * 0.65) + \text{Non-lighting kW}$$

$$\text{Adjusted kWh savings} = (\text{Total kWh} * 0.65) + \text{Non-lighting kWh}$$

Incentive payments to Market Actor are based upon adjusted kW and kWh savings.

Examples:

The value of adding non-lighting measures to a lighting-only project is demonstrated below. The incremental increase in adjusted kW is higher than the incremental increase in total kW.

Lighting kW	Non-ltg. kW	Total kW	Lighting %	kW Adj. Factor	Adjusted kW
20	0	20	100%	0.65	13.0
20	1	21	95%	0.70	14.7
20	2	22	91%	0.74	16.3
20	3	23	87%	0.78	18.0
20	4	24	83%	0.82	19.6
20	5	25	80%	0.85	21.3
20	6	26	77%	0.88	22.9
20	7	27	74%	0.91	24.6
20	8	28	71%	0.94	26.2
20	9	29	69%	0.96	27.9
20	10	30	67%	0.98	29.5
20	11	31	65%	1.00	31.0
20	12	32	63%	1.00	32.0

Sample Calculation

A project to be implemented at an office building (given as an example – office building to not apply to HTR or Residential SOPs) is projected to result in 15 kW of lighting savings and 4 kW of HVAC savings. In addition to the demand savings, the lighting measures will provide 60,000 kWh of annual energy savings, and the HVAC measures will provide 8,000 kWh of annual energy savings.

Adjusted Demand (kW) Payment Calculation:

Percentage of kW savings from lighting = $15/19 = 78.9\%$

Adjusted kW = $(19 * 0.65) + 4$

Adjusted kW savings = $12.35 + 4 = 16.35$ kW

kW payment = $16.35 * \$278 = \$4,545.30$

Adjusted Energy (kWh) Calculation:

Percentage of annual kWh savings from lighting = $60,000/68,000 = 88.2\%$

Adjusted kWh = $(68,000 * 0.65) + 8,000$

Adjusted kWh savings = $44,200 + 8,000 = 52,200$ kWh

kWh payment = $52,200 * \$0.095 = \$4,959.00$

Appendix D
PUCT-Approved Customer Eligibility Forms

(Please visit www.xcelenergyefficiency.com)

EXHIBIT A - INSURANCE REQUIREMENTS

NOTE: Each policy shall include a Waiver of Subrogation in favor of Xcel Energy (Xcel) and shall provide for 30 days prior written notice of cancellation. -

TYPE/COVERAGE	LIMITS OF LIABILITY-
WORKERS' COMPENSATION	Statutory-
EMPLOYERS' LIABILITY)	\$100,000. Each Accident-
)	\$500,000. Disease Policy Limit-
)	\$100,000. Disease Employee Limit-
COMMERCIAL GENERAL LIABILITY, OCCURRENCE FORM with the following- coverages included (not excluded): -	Bodily Injury & Property Damage Combined: -
- Premises/Operations	Each Occurrence: \$1,000,000-
- Underground Explosion and Collapse Hazard	General Aggregate: \$1,000,000.-
- Products/Completed Operations Hazard-	Products Comp/Ops. Aggregate: \$1,000,000.-
- Contractual Insurance (applicable to- indemnity clause contained in contract(s)-	
- Independent Contractors-	
- Broad Form Property Damage-	
- Personal Injury-	
AUTOMOBILE LIABILITY, with coverage applicable to all owned, hired, and non-owned vehicles	BI and PD Combined:- Each accident: \$1,000,000- OR: Evidence of Self-Insurance-

INFORMATION FOR MARKET ACTOR:-

** Insurance provided by Market Actor must be maintained in effect during the entire term of this Agreement.-

** A copy of this sheet and a copy of this Agreement should be furnished to Market Actor's Insurance Agent.-

** Amendment or waiver of the insurance requirements will only be valid if prior written consent is

received from Risk & Insurance Management.-

INFORMATION FOR INSURANCE AGENTS:-

** Policies written on a claims-made basis shall be maintained for five years after performance of the Agreement is completed.-

** Required insurance should be certified using the ACCORD CERTIFICATE OF INSURANCE, or a form similar thereto.-

** Market Actor's insurance agent is responsible to list on CERTIFICATE OF INSURANCE all endorsements which eliminate any required coverages.-

** Market Actor's insurance agent is responsible to state on the CERTIFICATE OF INSURANCE that all policies of insurance include Waiver of Subrogation in favor of Xcel Energy.-

** CERTIFICATE OF INSURANCE must be dated and signed by insurance agent or authorized representative.-

** CERTIFICATE HOLDER must be shown as Xcel Energy – P.O. Box 1261, Amarillo TX 79105-1261. ATTN: Bryan Whitson.-

** The original CERTIFICATE OF INSURANCE must be forwarded to the CERTIFICATE HOLDER.

Exhibit B - Marketing Material: Acceptable and Unacceptable

Information has sometimes been relayed to customer's 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."

"(Market Actor) provides free upgrades to your home to lower costs on your electric bill."

"(Market Actor) 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."

"(Market Actor) bills your electric utility for the work performed on your home."