



2017
RESIDENTIAL AND HARD-TO-REACH
STANDARD OFFER PROGRAM

PROGRAM MANUAL

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1. Executive Summary

Provisions in Senate Bill 7, enacted in the 1999 Texas legislature, mandated that at least 10% of an investor-owned utility's (IOU) annual growth in electricity demand be met through energy efficiency programs each year. Due to the success of the programs, goals for energy efficiency were increased through House Bill 3693 during the 2007 legislative session. Currently, the IOUs are required to achieve peak demand and energy savings by offering energy efficiency programs. On November 10th 2016, at 1:00 PM TNMP will open the application process for its 2017 Residential (Res) and Hard-to-Reach (HTR) Standard Offer Programs to pay incentives to Energy Services Companies and other Energy Efficiency Service Providers for a wide variety of projects that improve the energy efficiency of TNMP's Residential and Hard-to-Reach customers. TNMP Energy Efficiency will administer its Residential and Hard-to-Reach Standard Offer Programs in a market based, non-discriminatory manner.

This manual outlines all the aspects of the program in detail, including: participation requirements, eligibility, project requirements, incentives, application process, implementation process, performance periods, and specifics of both the Residential and Hard-to-Reach projects. The highlights and important dates and funding values of the Residential and Hard-to-Reach projects are discussed below.

Residential Projects

TNMP has a total budget of \$1,685,000 for all Residential and Hard-to-Reach SOP projects for 2017. The funds are divided as follows: \$1,385,000 for Residential Standard Offer Program and \$300,000 for Hard-to-Reach Standard Offer Program projects. Project Sponsors participating Residential projects may submit invoices for up-to 20% of the total budget for that program.

Residential Standard Offer Program Projects

In 2017, the Residential Standard Offer Program Project Components will not have a reservation process. This will promote efficient and timely work within the Residential projects program. This program design will enable approved Project Sponsors to invoice 3 times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used. Funds will be taken out of the program budget upon the submission of an invoice. Please note that when funds have run out in the program, there is no guarantee that TNMP will pay incentives for installations that have not been invoiced. **It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.** Higher incentive rates will be paid for measures that are performed in underserved counties (refer to the underserved county list on the TNMP website). Refer to table 1.1 for further details on the Residential Standard Offer Program. TNMP reserves the right to modify program guidelines if it is deemed necessary to achieve program objectives.

Modifications may include but are not limited to changes in the incentive budget and project sponsor limits.

Table 1.1 Residential Standard Offer Program Important Dates and Figures

Date that applications must be submitted by	December 6 th 2016 at 1:00 PM CST
Date program implementation begins	January 17 th , 2017
Date by which all projects must be completed	November 30 th , 2017
Total program budget	\$1,385,000
Maximum sponsor limit of total budget	20%
Maximum invoice limit	20% of Total Budget

Hard-to-Reach Projects

TNMP has a total budget of \$300,000 for Hard-to-Reach projects for 2017. Project Sponsors may submit invoices for up-to 20% of the total program incentive budget.

Hard-to-Reach Standard Offer Program

In 2017, the HTR Project Components will not have a reservation process. This will promote efficient and timely work within the Hard-to-Reach project program. This program design will enable approved Project Sponsors to invoice 3 times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used. Funds will be taken out of the program budget upon the submission of an invoice. Please note that when funds have run out in the program, there is no guarantee that TNMP will pay incentives for installations that have not been invoiced. **It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.** Refer to table 1.2 for further details on the Hard-to-Reach Standard Offer Program. TNMP reserves the right to modify program guidelines if it is deemed necessary to achieve program objectives. **Modifications may include but are not limited to changes in the incentive budget, and project sponsor limits.**

Table 1.2 Hard-to-Reach Standard Offer Projects Important Dates and Figures

Date that applications must be submitted by	December 6 th 2016 at 1:00 PM CST
Date program implementation begins	January 17 th , 2017
Date by which all projects must be completed	November 30 th , 2017
Total program budget	\$300,000
Maximum sponsor limit of total budget	20%
Maximum invoice limit	20% of Total Budget

Incentive Payments

Incentives are paid based on deemed savings after the completion of the project. The standard incentive rates are offered for peak demand (kW) savings and annual energy (kWh) savings.

TNMP will not reimburse any Project Sponsor for any costs incurred by participating in the Residential and Hard-to-Reach SOPs, including costs of preparing the Project Application, reviewing or executing the SOP Agreement, or preparing and submitting documents or invoices.

2. Background

Beginning in 2000, electric utilities in Texas began implementing energy efficiency programs under new rules developed to increase the level of energy efficiency in Texas. In 2007, House Bill 3693 increased the energy efficiency savings goals. Here are some of the highlights of the Bill:

Each electric utility will provide, through market-based standard offer programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers.

Utilities are required to ensure that 5% or more of these energy savings come from “Hard-to-Reach” customers.

Hard-to-Reach (HTR) customers are customers with an annual household income at or below 200% of federal poverty guidelines, or who meet certain other qualifications.

In a Standard Offer Program (SOP), Project Sponsors deliver peak demand savings (measured in kilowatts, or kW) and annual energy savings (measured in kilowatt-hours or kWh). TNMP will pay for each kW and kWh of verified savings according to a fixed pricing structure (“standard offer”). All payments to Project Sponsors will be based solely on kW and kWh savings. TNMP will pay all incentives directly to the Project Sponsors, not to customers. Project Sponsors are not required to provide any direct incentives to customers, but are required to execute a contract with customers indicating that the Project Sponsor is receiving incentives as a consequence of participating in a TNMP program. TNMP is offering two standard offer programs: one for commercial customers; and one for Residential and Hard-to-Reach customers (hereinafter Res/HTR). TNMP will administer the Residential and Hard-to-Reach components under separate application process.

Who can submit an application to be a Project Sponsor?

The program is open to a wide range of contractors, service companies, community agencies and other organizations. No individual Project Sponsor may receive more than 20% of the Res or HTR SOP incentives per year. TNMP also offers a streamlined process by which project sponsors can apply for incentives for projects with as little as \$250 in incentives.

The PUCT has issued a wide range of rules and requirements for the Standard Offer Programs. The purpose of this manual is to identify and explain these program requirements, and act as a reference for Project Sponsors.

3. Program Design

3.1. Program Description

The Residential and Hard-to-Reach Standard Offer Program (Res/HTR SOP) was developed by TNMP to provide incentives to suppliers of energy services. The primary objective of this program is to achieve cost-effective reduction in summer peak demand, winter peak demand, and annual energy consumption.

TNMP has designed the Res/HTR SOP to encourage electric energy efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement-on-burnout projects. Consequently, energy savings credits for such measures will be based only on energy savings that exceed current federal minimum efficiency standards, if such standards apply. In cases where standards do not exist, and on early replacement or retrofit of existing equipment, demand and energy savings will be based on efficiency improvements relative to typical efficiencies in like circumstances (subject to other limitations as specified herein).

For a definition of all terms used in this Manual, please refer to Texas Public Utility Commission 16 Texas Administrative Code (TAC) §25.181. The following pages summarize the features of the Res/HTR.

3.2. Project Sponsor Requirements

A Project Sponsor is any organization, group, or individual who contracts with TNMP to provide energy savings under the Res/HTR SOP. The following types of organizations are eligible to participate as Project Sponsors:

- TNMP customers owning or operating multifamily residential buildings none individually exceeding 100 kW demand or 250 kW demand in the aggregate;
- Energy service companies (ESCOs);
- Local contractors;
- Not-for-profit housing or social service organizations;
- National or local companies that provide energy-related products (e.g., lighting or HVAC); and
- Retailers are also eligible if they install the particular energy-efficient products as part of this program.

Project Sponsors in the Res/HTR SOP must meet minimum eligibility criteria, comply with all Res/HTR SOP rules and procedures, submit Project Application forms and supplemental documentation describing their projects, and execute TNMP's Res/HTR SOP Agreement. TNMP requires Project Sponsors to demonstrate their financial, technical, and managerial qualifications as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. This requirement is described in further detail in this Section. TNMP also requires Project Sponsors and their subcontractors to carry all insurance required by law, and all insurance as described in the SOP Agreement.

TNMP also requires that Project Sponsors execute the standard TNMP Host Customer Agreement, which is available on the program website.

One of the features of the Res/HTR SOP is that TNMP will rely upon the marketing capabilities of Project Sponsors to sell projects to TNMP's Residential and Hard-to-Reach customers. TNMP will not directly market any energy efficiency-related product or service to its customers. **Entering into an agreement with TNMP as a Project Sponsor does not imply TNMP's endorsement or approval of any company, product, or service. Marketing materials created by the Project Sponsor must be sent to TNMP for review prior to application approval.**

3.3. Participant Eligibility

Residential distribution customers of TNMP are eligible to have measures installed at their homes or facilities as part of this program.

3.3.1. 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:

HTR Annual Income Eligibility Guidelines*
Effective February 1, 2017 or until further notice

Size of Family	HTR Household Income Threshold 200% of Federal Poverty Guideline
1	\$24,120
2	\$32,480
3	\$40,840
4	\$49,200
5	\$57,560
6	\$65,920
7	\$74,280
8	≤ \$82,640

* Notice: Income ceilings are effective February 1, 2017 – January 31, 2018. Income guidelines are updated annually. Project Sponsors should use the updated guidelines after they are published by the PUCT. 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 Project Sponsor should have the host customer complete and sign the Public Utility Commission's Customer's Self Certification of Income Eligibility Form. If the Project Sponsor is implementing a project at a multifamily building, the Project Sponsor must complete a Public Utility Commission of Texas Property Owner Certification Form of Tenant Income Eligibility. Both forms are available on the SOP Website at www.tnmpefficiency.com. For multifamily residences of five or more dwelling units, Project Sponsors 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 multifamily residences of 2-4 units, the entire building qualifies if at least half of the residents qualify as HTR.

3.3.2. Existing Multifamily Projects

For existing multifamily projects, Project Sponsors 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.

The following is a list of eligible types of developments:

- Public Housing Authority
- Multifamily Bond Program
- Project-Based Section 8
- HOME Rental Housing Development
- Housing Trust Fund
- Low-Income Housing Tax Credit Program
- Affordable Housing Disposition Program
- Rural Rental Section 515 (FMHA)

3.4. Eligible Energy Efficiency Projects and Measures

The Residential and Hard-to-Reach Standard Offer Program was designed to enable Project Sponsors to deliver cost-effective energy efficiency measures to a wide range of residential customers. Any Commission-approved measure included in the Texas Technical Reference Manual (“TRM”) assigned a deemed savings value for the residential customer class is eligible under TNMP’s SOP. Table 1 provides examples of eligible measures. Table 2 provides a list of ineligible measures.

Project Sponsors may propose innovative or non-traditional energy-efficiency measures. Equipment in all end uses (e.g. lighting, refrigeration, cooling, and heating) is eligible for the SOP. Proposed energy efficiency measures must meet the following requirements:

- Measure must produce a measurable and verifiable electric demand reduction during the peak period and produce electricity consumption savings.
- Measure 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).
- Renewable energy measures meeting the requirements of the Commission’s Energy Efficiency Rule (16 TAC § 25.181) may qualify for an incentive.
- Measure must meet or exceed minimum federal or other efficiency standards as provided in the TRM.

As a general rule, measures involving “plug loads” (equipment or appliances that are plugged into standard electrical outlets) are not permitted.

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

The TRM will be the final authority on whether any particular measure is eligible for incentives.

3.4.1. Additional Requirements for Project Sponsor Proposing to Perform Duct Efficiency, Air Infiltration, and Ceiling Insulation

- 2017 may be the last year Duct Efficiency and Air Infiltration are eligible
- Maximum pre-installation leakage rate for Duct Efficiency capped at 35% of the total fan flow (Res only)
- Duct Efficiency measure only eligible if at least 50% of duct work is located in unconditioned space. Ducts located in furr-downs are considered to be in conditioned space.
- Leakage to outside testing is the only acceptable method of duct blaster testing.
- Pre-installation leakage rate must equal 80 CFM/ton or greater to be eligible for duct efficiency.
- If the duct blaster reading is above 160 CFM/ton, the duct efficiency measure shall not be recommended.
- Assessor must determine if the condition of the duct system is damaged beyond repair, note findings, and do not perform duct blaster testing.

- Air Infiltration CFM reduction capped at 30% in Residential SOP
- TNMP is allowing a maximum CFM reduction cap of 40% if the proper photo documentation is submitted into P3
 - Uploaded photographs will be required in order to exceed the 30% CFM reduction cap, up to 40% total CFM reduction.
 - Photographs must capture 1) pre & post blower door meter readings, and 2) the scope/type of retrofit implemented, showing pre- and post-retrofit condition of the treated locations (examples may include: newly added door strip, caulking around window frame, recessed lighting fixtures, etc.)
- Ceiling Insulation with reported pre-retrofit R-value below R-5 requires all contractors to provide sufficient photo evidence, noted in the TRM 4.0 as:
 - Two photographs: 1) a picture showing the entire attic floor, and 2) a close-up picture of a ruler that shows the measurement of the depth of the insulation. In the absence of evidence demonstrating pre-retrofit ceiling insulation below R-5, the lowest level of pre-retrofit ceiling insulation that can be claimed is the R-5 to R-8 range.

Table 1
Examples of Eligible Measures and Projects

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR[®] windows
- Infiltration control
- Duct Efficiency

Cooling and Ventilation Measures/Projects

- High efficiency air conditioning replacements
- A/C Tune-up
- Variable speed drive applications for HVAC equipment

Heating Measures/Projects

- Heat pump replacement of resistance heat
- Standard-efficiency heat pump to high-efficiency heat pump replacement

Water Heating

- Energy and water-efficient clothes washers
- Low-flow showerheads & faucet aerators
- High efficiency gas water heater replacing electric resistance water heaters
- Heat pump water heaters
- Waste heat recovery units

Other Measures/Projects

- ENERGY STAR[®] refrigerators
- LEDs

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

- Solar
- Water heating

Table 2
Examples of Ineligible Measures and Projects

- Ducts located in furr-downs are considered to be in conditioned space, and thus ineligible
- CFLs are ineligible
- 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 TNMP program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- Homes more recent than 2011
- Energy Star Homes are ineligible

The TRM outlines additional requirements and eligibility criteria for measures implemented in the Residential and Hard-to-Reach Standard Offer Programs. Refer to the TRM for all deemed savings and installation standards.

3.5. Energy Savings Measurement Options

All payments to Project Sponsors are based on the project's peak demand (kW) and annual energy (kWh) savings. Project Sponsors must utilize approved deemed savings for estimating the demand and energy impacts of the measures they install.

Deemed Savings use pre-determined average kW and kWh savings for each measure. Project Sponsor is not required to perform any measurement or verification of energy savings. The entire incentive payment is paid as soon as installation inspections are completed and approved, normally within 45 days of submitting an implementation report and invoice. All of the common residential retrofit measures have approved deemed savings values. The TRM has a listing of all the deemed savings values.

3.6. For More Information

The website (www.tnmpefficiency.com) will provide the key informational resource and should be checked regularly for any program updates. Company representatives will respond to questions of general interest by using the "Contact Us" feature on the website.

4. Program Incentives

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

4.1. Incentive Budget and Project Funding Limits

TNMP has allocated \$1,385,000 for incentives to be paid for Residential projects, and \$300,000 for incentives at Hard-to-Reach projects. Each Project Sponsor is limited to no more than 20% of that allocation. They can apply to participate in the programs via the application process for both Residential and Hard-to-Reach programs. For additional details on the application process, see Section 5.1: Application Process.

4.2. Incentive Rates

The incentive rates for Residential, and Hard-to-Reach projects are as follows:

2017 Incentives Measure	EUL	RES SOP		HTR SOP		Underserved	
		\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh
Ceiling/Roof Insulation	25	\$229	\$0.10	\$323	\$0.18	\$404	\$0.23
Central AC	18	\$187	\$0.09	-	-	-	-
Central Heat Pump	15	\$172	\$0.09	-	-	-	-
LED	20	\$192	\$0.10	\$296	\$0.17	\$385	\$0.22
Air Infiltration	11	\$183	\$0.09	\$214	\$0.12	\$263	\$0.15
Duct Efficiency	18	\$183	\$0.09	\$282	\$0.16	\$307	\$0.17
A/C Tune-up	<10	\$77	\$0.04	\$119	\$0.07	\$151	\$0.09
All Other Measures	≥10	\$130	\$0.06	\$237	\$0.14	\$308	\$0.18
Alternative Rates Measures		\$/Wdc					
Solar	30	\$0.80	-	-	-	-	-

The kW payment is based on Peak Demand Savings. The kWh payment is based on the first-year kWh savings.

Note: Payments may be adjusted based on results of TNMP's site inspection results as described elsewhere in this document and in the SOP Agreement.

4.3. Limits on Incentive Payments

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

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

4.4. Payment Procedures

The procedure for paying incentives is based on Deemed Savings. The Project Sponsor receives 100% of the incentive payment within about 45 days after submitting a monthly implementation report and invoice, subject to TNMP's post-installation inspection results.

5. Program Process and Timeline

5.1. Application Process

TNMP's Residential and HTR component SOP application process includes the following steps:

The first step in the Res and HTR component SOP process is for the Project Sponsor to submit a Project Application for its proposed project. There is a Residential and Hard-to-Reach Project Application Process. Each Project Application includes information about the Project Sponsor and the estimated kW and kWh impacts.

Section Six contains a detailed description of the application process.

The Residential and Hard-to-Reach Project Application process consists of two steps. Project Sponsors will submit their qualifications. Once a Project Sponsor is accepted, they will be authorized to access the program tracking system (P3), and submit invoices without further approval, until all Project incentive funding has been allocated.

A copy of the SOP Agreement that will be executed by TNMP and the Project Sponsor prior to the project implementation may be downloaded from www.tnmpefficiency.com. Project Sponsors are urged to review the SOP Agreement before submitting a Project Application. *Once the application period has begun, TNMP will not entertain proposed modifications to the SOP Agreement.*

5.2. Implementation Period

Project Sponsors will not have to complete the reservation process. This will promote efficient and timely work within the project programs (Residential and Hard-to-Reach). This program design will enable approved Project Sponsors to invoice up to three times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used. Funds will be taken out of the program budget upon the submission of an invoice. Please note that when funds have run out in the program, there is no guarantee that TNMP will be able to pay incentives on non-invoiced installations. It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.

During the implementation period, the Project Sponsor will be performing marketing and implementation activities, and reporting progress on a regular basis to TNMP. All installations must be completed and all implementation data reported to TNMP no later than November 30, 2017.

Installation and equipment standards are included in the TRM.

6. Project Application

As outlined in Section 4 TNMP has allocated \$1,385,000 for incentives to be paid for Residential projects, and \$300,000 for incentives at HTR customer sites

To ensure that funding will be available to multiple participants, TNMP has set the maximum amount of incentives paid to any one Project Sponsor (including Project Sponsor's Affiliates) at 20% of the total program budget. A Project Sponsor may receive the maximum incentive amount available under each allocation, but must submit separate applications for HTR and Residential incentives. Program guidelines such as these may be subject to change if it is deemed necessary to achieve program objectives.

6.1. Residential and Hard-to-Reach Program Application

The Program Application process enables Project Sponsors to apply to participate in the programs and receive incentives on an incremental basis, as work is completed and invoiced. With this process, it is not necessary for the approved Project Sponsor to request incentives in order to perform installations for customers. Instead, the funds are reserved for that sponsor upon the submission of an invoice through P3. The incentive money is an open pot and is reserved on a first come, first serve basis, based on the date and time of invoice submission. After receiving approval for their Residential and/or Hard-to-Reach Program Application(s), Sponsors may submit completed installations in invoices so long as there are sufficient funds in the program budget and the sponsor has not already met their incentive limit.

TNMP has determined that the least-cost application procedure is to accept applications only via the Internet. The application forms, instructions, frequently-asked questions, and helper applications will be accessible on TNMP's Web site (www.tnmpefficiency.com). All applications must be completed and submitted online within P3.

6.2. Project Application Guidelines

The Residential and Hard-to-Reach Program Application process has two steps. Project Sponsors first submit their initial application. The initial application consists of the Project Sponsor's corporate information, qualifications, and references. After this information has been reviewed by TNMP, the Project Sponsor will be notified of their application status and required to submit all supplemental documentation.

Once Project Sponsors are approved to participate in the program, they will be allowed to invoice up to three times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used. Funds will be taken out of the program budget upon the submission of an invoice. Please note that when funds have run out in the program, there is no guarantee that TNMP will be able to pay incentives on non-invoiced installations. It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.

Once the Project Sponsors has completed filling out their application, they can submit it right away. Project Sponsors must make sure they submit their application no later than 1:00pm on Tuesday, December 6th 2016. Once the application is submitted, Project Sponsors cannot go back and make any changes.

In order to submit the application on the designated submit date and time, the application must be accurate and complete beforehand.

For detailed instructions on what to do on submission day, refer to P3 training video that is available on the Help page within P3.

TNMP will review all applications received between December 6th 2016 and January 6th 2017 on an equal basis, without regard to the order in which the applications were received.

6.3. Residential and Hard-to-Reach Program Application Forms

Project Sponsors must provide information regarding the installation of the energy efficiency measures proposed for the project. All requested information is vital to the acceptance of the Project Application and should be carefully compiled.

6.3.1. Project Sponsor Information

The information listed below is required of all Project Sponsors:

- Project Sponsor name;
- W9; Federal tax identification number of Project Sponsor;
- Parent company (if any) and affiliated firms (if any);
- Contact name, address, phone number, fax number, e-mail address; and
- Names, addresses, etc., of all subcontractors.
- A copy of all **current** industry licenses and certifications. HERS, BPI, HPP or PVT (Performance Verification Technician – replaces HERO certification program), HVAC insulation installation, etc.

6.3.2. Project Sponsor's Qualifications

TNMP requires Project Sponsors to demonstrate their qualifications and experience as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. The Project Sponsor's application should include the following:

- A brief statement of the Project Sponsor's capabilities and experience (500 word maximum);
- Evidence that Project Sponsor and any subcontractors possess all applicable licenses and insurance. Evidence includes a list of applicable licenses, license holders and license numbers;
- Three (3) client/customer references for projects similar in nature to that proposed in this application (include contact name, address, and phone number);
- Disclosure of any legal judgments pending, or entered in the previous two years, against Project Sponsor, as well as a current list of pending litigation filed against Project Sponsor.
- All project sponsors that are installing duct efficiency are required to have a certified HERS, BPI, HPP or PVT on staff. Employees that actually install the duct efficiency measure must have at least a PVT certification. If HERS, BPI, HPP or PVT certified rater is not present at the work site, then infiltration and duct efficiency installations are not allowed. Provide a listing of certifications or licenses held (e.g., HVAC license,

HERS, BPI, HPP or PVT certification), or relevant third-party training courses completed.

6.3.3. Project Description

Project Description

Provide a description of the proposed project in the space provided. Briefly describe the proposed project, including target customers, end-uses and marketing approach.

The maximum project size is determined by the limit on incentives that can be paid to any one Project Sponsor.

6.3.4. Marketing Plan

Describe the customer types being targeted and/or building/dwelling characteristics being targeted. Describe the marketing mechanisms to be used. Describe previous projects that were successfully completed by the Project Sponsor utilizing similar marketing methods. **All marketing materials must be submitted for review prior to application approval.**

6.3.5. Supplemental Documentation Requirements

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

- Electronically Signed SOP Agreement.
- A copy of W9
- The TNMP Vendor Profile Form so payment can be submitted to project sponsor.
- Insurance; list TNMP as additional insured in format below; (sub-contractors must also submit insurance) using the Certificate Holder Format below:

TNMP
Attn: Ashley Mitchell
577 N Garden Ridge Blvd
Lewisville, TX 75067

Ashley.Mitchell@TNMP.com

Please have your insurance provider email these documents to Ashley.

- (For Sponsors performing air infiltration or duct efficiency) Calibration documentation (serial # and calibration date) to verify calibration with OEM. Contractor is responsible for ensuring that manometer is calibrated at least every two years by OEM. (i.e. certified as of January 2016, or more recent).
- A copy of all **current** industry licenses and certifications pertaining to applicable measures for the project sponsor: HERS, BPI, HPP or PVT, insulation installation, HVAC, electrical, etc.

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

6.4. Residential and Hard-to-Reach Application Review Procedures

6.4.1. Application Evaluation

TNMP may reject a Project Application if:

- The Project Application is received after December 6th, 2016;
- The Project Sponsor fails to meet program eligibility requirements;
- The Project Sponsor fails to respond to any request for additional information;
- 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 Res/HTR SOP; and
- TNMP, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the Res/HTR SOP Agreement.

TNMP reserves the right to limit or disqualify the participation of Project Sponsors who have performed poorly in previous TNMP or other utility standard offer programs.

TNMP will notify each Project Sponsor of its application status. If a Project Application is found incomplete or insufficient, TNMP may, at its sole discretion, reject it.

TNMP may request clarification of, or additional information about, any item submitted as part of the Project Application. Project Sponsors will have five business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, TNMP may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any Project Sponsor submitting an unsuccessful Project Application may reapply for project funding by submitting another Project Application.

6.4.2. Project Sponsor Approval

If TNMP approves the Project Application, the Project Sponsor will be expected to sign and return the SOP Agreement as soon as possible after notification of Project Application approval. (Project Sponsors are reminded that once the application period has begun, TNMP will not entertain proposed modifications to the SOP Agreement.)

Once a Project Sponsor's application has been approved, the TNMP Program Administrator will allow the Project Sponsor to access the implementation sections of both the Residential and HTR programs within P3. From these sections, Project Sponsors will be able to see how much project incentive money is left in TNMP's incentive budgets, and Sponsors will be able to submit invoices for the measure installations that have been completed. No further approvals are required from TNMP to begin installation.

6.5. Program Contacts

The primary contacts for the Res and HTR SOP Program are as follows:

TNMP Program Manager	Frontier Program Administrator
Mrs. Ashley Mitchell (214) 222-4186 Ashley.Mitchell@TNMP.com	Ms. Mary Carwile (512) 372-8778 x-109 mcarwile@frontierassoc.com

All program correspondence, reports, and any other required materials should be uploaded directly to P3. Refer to the program tracking system training video on the website for help with the upload feature. Also feel free to contact the Program Administrator if you have any difficulties.

6.6. Other Important Program Information

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

Project Sponsor shall comply with all federal, state, and local licensing and permitting regulations.

TNMP's SOP is subject to oversight by the PUCT, which may request a copy of any SOP materials that TNMP receives. Sensitive information submitted by the Project Sponsor to TNMP will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT and the third party EM&V contractor selected by the PUCT. TNMP will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

6.6.1. Corrective Action

Accurate reporting is of key importance in calculating savings achieved. TNMP may prohibit a Project Sponsor from submitting certain measures if problems occur repeatedly in accurately reporting of required information. All installations will be entered and submitted in the program database within 45 days of the installation date. Failure to adhere to the reporting or program requirements may result in the following corrective actions:

- First failure: 10% penalty applied to incentive payment for measure installations at that home.
- Second failure: 100% penalty applied to incentive payment for measure installations at that home.
- Third failure: contract termination

7. Implementation Period Procedures for Project Sponsors

The implementation period shall begin upon SOP Agreement execution, and shall end on November 30, 2017. All installations must be completed and all implementation data reported to TNMP no later than November 30, 2017.

During the implementation period, the Project Sponsor will be performing marketing activities, implementation activities, and reporting progress on a regular basis to TNMP. This allows TNMP to monitor each Project Sponsor's progress in a timely manner and allows TNMP the ability to reallocate program funding, if necessary, in order to achieve its overall energy savings goals.

7.1. Required Forms

Prior to commencing any installation activities, Project Sponsor shall submit its insurance certificate to TNMP. The Project Sponsor shall also use the following standard forms, which are available on the program website (www.tnmpefficiency.com):

1. *Customer Disclosure Form*. This document informs the Host Customer of their rights and the terms included in the Host Customer Agreement.
2. *Host Customer Agreement (HCA)*. This is a standard agreement executed by the Project Sponsor and the host customer. It includes all the customer protection provisions and disclosures required by the PUCT.
3. *Residential Customer Acknowledgement and/or Multifamily Property Manager Certificate*. These are forms in which the residential customer or multifamily property manager confirm that: the measures described in the Host Customer Agreement have been installed to his/her satisfaction; and that TNMP is allowed to access to the host customer site.
4. *Household Income Eligibility Self-Certification and/or Multifamily Certification Forms*. These forms are to be used by customers and property managers to certify hard-to-reach eligibility.
5. *Field Data Sheet*. This form is required for each customer in multifamily and single family projects listing specific technical data regarding the measures performed.

Please note that customer signatures on all customer forms must match the host customer's name in the database.

All program correspondence, reports, and any other required materials should be uploaded directly to the P3. Refer to the training video that is available on the Help page within P3 for help with the upload feature. Also feel free to contact the program manager if you have any difficulties. The only materials that should be sent via mail are the signed SOP agreement and Insurance Certificates.

Also, Project Sponsors must maintain a work schedule within P3, informing the program manager on the location, time and date that measures will be installed. Failing to maintain a work schedule could result in corrective action and/or termination from the program.

7.2. Installation Period

One of the key requirements for Project Sponsors is that they perform installations and report the installation data by submitting an invoice through P3. Funds are reserved out of the program budget as sponsors submit their invoices. Funds are distributed on a first come, first serve basis.

A general example of the implementation of a project is as follows:

1. Project Sponsor plans to install measures
2. Using the Deemed Savings tables, the kW and kWh savings will be calculated and display when the measure details are input into the P3 database
3. Using the incentive values indicated in section 4.2 above, the Project Sponsor calculates their incentives.
4. Project Sponsor logs on to P3 to view dashboard and check available funding.
5. Project Sponsor installs the measures and returns to P3 to report installation information by submitting project to TNMP.
6. If Project Sponsor submits an invoice when program funds are close to being depleted, there is no guarantee that their invoice will be paid in full. It is the project sponsor's responsibility to ensure there are ample funds in the program budget to cover the incentives associated with the measures they are installing.

7.2.1. Frequently-Asked Questions

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

TNMP will pay the Project Sponsor the incentive value of the measures actually installed, even if that amount is slightly higher or lower than the amount of incentive estimated originally.

Can customer sites be combined?

Yes. Project sites may be combined in a multi-family project, if applicable.

Does the Sponsor have to give the incentive to the customer?

No. Project Sponsors 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.

7.3. Program Implementation Steps

After Project Acceptance:

1. Signed SOP Agreement uploaded to P3
2. Vendor Profile Form filled out and uploaded to P3

Prior to Marketing:

1. Certificate(s) of Insurance due
2. Download approved Host Customer Agreement from www.tnmpefficiency.com

Project Sponsors shall not obtain or use customer ESI ID or meter number without the prior consent of the customer.

Download approved Residential Customer Acknowledgement and Multifamily Property Certificate forms from www.tnmpefficiency.com.

Marketing:

All marketing materials must be submitted for review prior to use. Please submit your marketing materials via email to Ashley.Mitchell@TNMP.com.

Prior to Installation:

Please Note: Project sponsors are required to submit a work schedule and allow for the pre-inspection process.

1. In order to facilitate the pre-inspection process, project sponsors are required to submit work schedules within P3 a minimum of 24 hours prior to beginning work. Failure to comply with the work schedule requirement will result in corrective action, please refer to the Inspection Process (7.5.2) for more information.
2. If Hard-to-Reach, must have customer or property manager fill out (and sign) Income Eligibility Certification Form. Please note: In the case where a tenant is renting a home from a landlord, the Self-Certification Form needs to be completed by the actual customer, not the landlord. Property managers of multifamily complexes must complete the Multifamily Certification Forms.
3. If installing air infiltration control, wall insulation, or duct efficiency measures, Project Sponsors must perform pre-installation tests, as required. Pre-installation data should be

entered into the Field Data Sheet.

4. Have the customer sign the Host Customer Agreement
5. Input customer data into P3, including ESI ID, customer data and measure installation data.
 - Customer type (Residential or Hard-to-Reach)
 - Customer name and address
 - Service address
 - ESI ID number
 - Telephone number
 - Measures to be installed
 - Date and time for measure installations

After Installation:

1. If air infiltration control, wall insulation, or duct efficiency measures were installed, perform post -installation tests, as required.
2. Have residential customer sign the Acknowledgement or property manager sign the Certificate.
3. Report installation data and upload required documentation via P3:
 - Host Customer Agreement
 - Residential Customer Certificate
 - Field Data Sheet
 - Income Eligibility Form (HTR only)

7.3.1. Invoicing

Within thirty (30) days after inputting a home into P3, Project Sponsors should complete all measure installations, upload all required forms and include that home on an invoice via P3. Project Sponsors may submit up to three (3) invoices per month. Refer to the training video available within the Help section of P3 for help with the upload feature. Also feel free to contact the program manager if you have any difficulties.

TNMP may adjust the incentive payment based on findings from field inspections.

Payment terms are net 45 days.

7.3.2. Customer Acknowledgement and Certificate Forms

As indicated above, copies of forms shall be uploaded for each customer. Among other things, the forms provide the Project Sponsor with a release for TNMP, allowing energy use and billing information to be provided to the Project Sponsor, which may be used for EM&V. The forms also provide TNMP with permission to inspect the installation, which may be required before incentive payments are approved. Copies of the forms are included on www.tnmpefficiency.com.

7.3.1. Documentation of Hard-to-Reach Status

To document a single-family customer's hard-to-reach status, the Project Sponsor should have the host customer complete and sign the *PUCT Customer's Self Certification of Income Eligibility Form*. If the Project Sponsor is implementing a project at a multifamily building, the Project Sponsor must complete a *PUCT Property Owner Certification Form of Tenant Income Eligibility*. Both forms are available on www.tnmpefficiency.com.

7.4. Invoice Review Procedures

7.4.1. Administrative Review

Once the invoice is submitted to TNMP via P3, it will be reviewed for accuracy. If any discrepancies are found in any of the reports, TNMP will notify the Project Sponsor. The Project Sponsor shall have 10 business days from the date of TNMP's notification to correct any discrepancies.

TNMP will review all forms submitted, verifying selected entries for accuracy.

7.5.2 Inspection process

Each home input into the Work Schedule via P3 is subject to an inspection either before, after, or before and after the measure installation.

In order to facilitate the pre-installation inspection process, project sponsors are required to submit work schedules a minimum of 24 hours prior to beginning work. Failure to comply with the work schedule requirement could result in the corrective action (Please refer to 6.6.1).

Multifamily

For multifamily projects, the objective is to conduct pre-installation and post-installation inspections on a minimum of 10% of the units to be retrofitted at each project. Once a multifamily project has been input into the database, Frontier will contact the project sponsor to schedule pre-installation inspections. Frontier will coordinate inspections with the project sponsor so that Frontier staff can conduct pre-installation blower door and duct leakage testing, or verify tests being conducted by project sponsor staff. Frontier inspection staff will record pre-installation test values and other data on the multifamily pre-installation form. If the project sponsor performs installation work during the same day, the Frontier inspector will witness and verify any post-installation testing done on these units. Additional follow-up post installations may be conducted without prior notice to the project sponsor.

Single-Family

For single-family projects, the objective is also to conduct pre-installation and post-installation inspections on a minimum of 10% of a project sponsor's single-family projects. The ten percent goal is somewhat more problematic, since the number of pre-inspections required cannot be determined in advance. For single-family pre-inspections, Frontier inspectors will monitor the daily work schedules submitted by each project sponsor. Random, unannounced pre-inspections will be conducted, with pre-inspection data collected on a single-family pre-inspection form. During the program year, Frontier will monitor the number of single-family projects implemented by each project sponsor, and will attempt to conduct a sufficient number of pre-inspections to maintain the percentage at or above 10%.

7.4.3. Installation Inspections

During the review process, TNMP will take a random sample of customer sites and make field inspections to determine if each measure has been installed properly, and is capable of performing its intended function. All measures installed in the Residential and Hard-to-Reach SOP must conform to or exceed the standards listed in the TRM. If installed measures do not meet these standards, they will not be eligible for incentives.

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 for the selected sample. 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 Project Sponsor disagrees with the payment adjustment, the Project Sponsor may provide additional clarifying information and request a second review.

***Note that it is the Project Sponsor's responsibility to inform their customers that their home may be selected for a post inspection.**

Monthly Report Form Summary

DOCUMENT	DOCUMENT DESCRIPTION	SUBMITTAL DEADLINE & REVIEW
Installation and Invoice Forms	<p>This is a detailed description of specific measures installed.</p> <p>Site-specific information must include customer name, address, phone number, account number, measure installation data, and installation schedule.</p> <p>Project Sponsors are required to provide a Field Data Sheet.</p>	Homes should be invoiced within 30 days after this information is input into P3.
Project Invoice	Project Sponsor requests payment for installed measures in the TRM.	<p>Invoices submitted via P3.</p> <p>Up to three invoices per month may be submitted.</p> <p>Administrator will have 45 days to review and process payment.</p>
Copies of Certifications and PUCT-approved eligibility forms for HTR installations completed during that month.	<p>Customer provides Project Sponsor a release for TNMP to inspect the installation and permission to conduct metering studies, if asked.</p> <p>Customer acknowledges that Project Sponsor must be looked to for all remedies.</p>	All forms must be uploaded to P3.