



**2019**  
**Residential and Hard-to-Reach**  
**Standard Offer Programs**

**PROGRAM MANUAL**

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# 1 Program Overview

## 1.1 Background

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. 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, including Standard Offer Programs such as the Texas-New Mexico Power Company (TNMP or Utility) Residential and Hard-to-Reach Standard Offer Programs (Res/HTR SOPs or Program).

The Public Utility Commission of Texas (PUCT) has issued a wide range of rules and requirements for the Standard Offer Programs. This manual is a reference for Project Sponsors and identifies and explains the requirements pertaining to the TNMP Res/HTR SOPs.

## 1.2 Program Description

The Res/HTR SOPs were developed by TNMP to provide incentives to suppliers of energy services. The primary objective of these programs is to achieve cost-effective reduction in summer peak demand, winter peak demand, and annual energy consumption for TNMP's residential and qualifying hard-to-reach customers.

TNMP has designed the Res/HTR SOPs to encourage electric energy efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement-on-burnout projects. Consequently, energy savings for eligible measures will be based on calculations as defined in the Texas Technical Reference Manual (TRM).

This program manual details all aspects of both Programs, including: participation requirements, eligibility, project requirements, incentives, application process, implementation process, performance periods, and other key information.

The Program participation process, in summary, is as follows:

1. **Project Sponsor Enrollment, Application, and Interview:** Project Sponsors enroll and apply to participate in each program via the online program database application, [P3](#)<sup>®</sup>. Once application is pre-approved, Project Sponsors will be scheduled for an in-person interview with TNMP and Frontier.
2. **Project Initiation and Submittal:** Once application is accepted, Project Sponsors use P3 to determine customer and project eligibility, confirm budget availability, define and upload project specifications, calculate incentives, and submit eligible projects. Project Sponsors use P3 to submit eligible projects, providing appropriate documentation for each.
3. **Review, Inspection and Payment:** Program Administrator reviews all submitted projects, selects some for on-site inspections, conducts inspections, and approves payment for completed projects.

For definitions of terms used in this program manual, please refer to Texas Public Utility Commission 16 Texas Administrative Code (TAC) §25.181.

### 1.3 Program Budgets and Limitations

2019 program incentive budgets and limits are listed in Table 1.

**Table 1. Incentive Budgets and Limits**

	Residential SOP	HTR SOP
Total program incentive budget	1,300,000	350,000
Project Sponsor limit (% of incentive budget)	20%	20%
Maximum invoice limit (% of incentive budget)	20%	20%
HVAC projects (% of incentive budget)	10%	10%

### 1.4 Timeline and Key Dates

Key dates for the 2019 Res/HTR SOP programs are listed in Table 2.

**Table 2. Key Implementation Dates**

Program kickoff webinar	Nov. 8, 2018 at 10am-12pm CST
Project Sponsor application period begins	Nov. 8, 2018 at 1:00pm CST
Project Sponsor application period ends	Nov. 29, 2018 at 1:00pm CST
Project Sponsor notification of pre-approval	Dec. 6, 2018
Project Sponsor Interview	Dec. 10-20, 2018
Project Sponsor notification of acceptance	Jan. 7, 2019
Implementation period begins	Jan. 14, 2019
Implementation period ends	Nov. 29, 2019

All installations must be completed and all implementation data reported to TNMP no later than November 29, 2019.

During the implementation period, 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 to reallocate program funding, if necessary, in order to achieve its overall energy savings goals.

### 1.5 Program Information and Contacts

All program correspondence, reports, and any other required materials should be uploaded directly to [P3®](#). Project Sponsors may refer to the program tracking system training video on the website for help with the upload feature.

The Utility website ([www.tnmpefficiency.com](http://www.tnmpefficiency.com)) provides the key forms and other informational resources and should be checked regularly for any program updates. Questions of general interest may be submitted using the "Contact Us" feature on the website.

Key program contacts are:

TNMP Program Manager  
Ashley Mitchell  
(214) 222-4186  
[Ashley.Mitchell@TNMP.com](mailto:Ashley.Mitchell@TNMP.com)

Frontier Program Administrator  
Rob Lovenguth  
(512) 372-8778 x109  
[rlovenguth@frontierenergy.com](mailto:rlovenguth@frontierenergy.com)

## **1.6 Program Clarifications**

This program manual is intended to provide a detailed and consistent reference on Program design and implementation processes to market participants, but does not address every possible situation or complication which may arise during implementation. When instances requiring clarification are identified, the Program Manager will attempt to provide guidance consistent with Program intent as well as with other goals and priorities.

The Utility and the Program Administrator reserve the right to change Program guidelines, processes, requirements, budgets, budget allocations and other Program details at any time without prior notice to market participants 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. TNMP reserves the right to lift or remove the 20% cap at any time throughout the program year.*

TNMP will strive to provide timely notice of such changes to all program participants.

## **1.7 Public Disclosure**

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 Evaluation, Measurement, and Verification (EM&V) contractor selected by the PUCT. TNMP will have no liability to any Project Sponsor or other party because of public disclosure of any submittals.

## 2 Eligibility

### 2.1 Project Sponsors

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 that install eligible energy-efficient products as part of this program.

Project Sponsors wishing to apply for the Res/HTR SOPs must meet the Application criteria (explained in 4.2.1), comply with all Res/HTR SOP rules and procedures, and execute TNMP's Res/HTR SOP Agreement.

Project Sponsors also must 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. Project Sponsors and their subcontractors are required to carry all insurance required by law, and all insurance as described in the SOP Agreement. Project Sponsors must also execute the standard TNMP Host Customer Agreement, which is available on the Utility website, [www.tnmpefficiency.com](http://www.tnmpefficiency.com).

#### 2.1.1 Marketing Materials

One of the features of the Res/HTR SOPs is that TNMP relies 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.

*All marketing materials created by the Project Sponsor which reference utility incentives generally, or TNMP and/or the Res/HTR SOP particularly, must be sent to TNMP for review at the time of application, if available, or prior to distribution. Failure to comply with these requirements could lead to Project Sponsor corrective action and/or termination.*

Marketing material examples include but are not limited to: flyers; door hangers; direct mail; yard signs; advertisements in printed or electronic publications; websites; electronic and social media content delivered via email, Facebook, Twitter, Snapchat, Google advertising; etc.

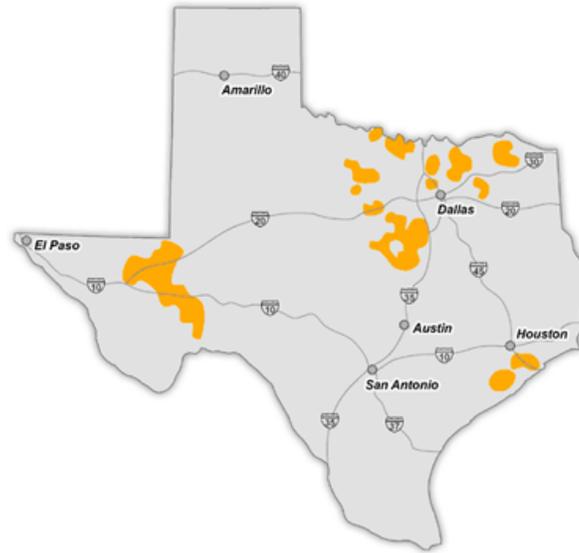
In 2017 TNMP created a marketing handout that Project Sponsors could choose to use or not. Starting in 2019, TNMP is making this marketing handout a mandatory requirement of the program to be provided to each project. TNMP will create, print, and mail the marketing materials to the Project Sponsors after notice of approval.

TNMP selects Project Sponsors for participation in the program from eligible companies who have provided all required documentation during the Project Sponsor application process. Selections are made to optimize program performance via a Project Sponsor mix that serves TNMP's service area entirely with a variety of cost effective energy efficiency measures.

## 2.2 Customers

### 2.2.1 Residential Customers

All residential customers of TNMP are eligible to have measures installed at their homes or residential premises as part of this program. Residential customers in multifamily buildings are also eligible. A map of TNMP’s Texas service areas appears below. A more detailed version of this map, which contains enlarged versions of each region, may be found on TNMP’s web site at <http://www.tnmp.com/about/service-area-map/index.htm>.



**Figure 2-1. TNMP's Texas Service Area**

### 2.2.2 Hard-to-Reach Customers

Hard-to-Reach (HTR) customers are defined as residential customers with annual household income at or below 200% of federal poverty guidelines, or who meet certain other qualifications. These income levels are updated annually; current levels applicable through January 31, 2019, are shown in Table 3, below:

**Table 3. HTR Annual Income Eligibility Guidelines\***

Size of Family	HTR Household Income Threshold 200% of Federal Poverty Guideline
1	\$24,280
2	\$32,920
3	\$41,560
4	\$50,200
5	\$58,840
6	\$67,480
7	\$76,120
8	≤ \$84,760

\* Income thresholds are effective February 1, 2018 – January 31, 2019. 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 *Customer's Self Certification of Income Eligibility Form*. The Host Customer shall mean a residential distribution system customer of TNMP that owns or leases facilities at a project site or sites and that has entered into a Host Customer Agreement with the Project Sponsor for the installation of measures as a part of the project. It is up to the renter to communicate with the landlord of work being completed.

If the Project Sponsor is implementing a project at a multifamily building, the Project Sponsor must complete the *Property Owner Certification Form of Tenant Income Eligibility*, and have it signed by the property owner or manager.

Both forms are available on the Utility website.

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 are income qualified.

Alternatively, some multifamily properties may be eligible based on their participation in one or more programs that serve low income tenants:

- 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)

## **2.3 Energy Efficiency Measures**

### **2.3.1 Eligible and Ineligible Measures**

TNMP's Res/HTR SOPs are designed to enable Project Sponsors to deliver cost-effective energy efficiency measures to a wide range of residential customers.

A list of eligible and ineligible measures appears in Table 4 and Table 5 on the following page.

**Table 4. Eligible Measures and Projects**

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR® windows
- Attic encapsulation
- Cool roofs

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 electric 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
- ENERGY STAR® Omnidirectional LEDs

**Table 5. Ineligible Measures and Projects**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• CFLs are ineligible; LEDs replacing existing CFLs are ineligible</li> <li>• Measures that do not raise efficiency above current standards</li> <li>• Cogeneration and self-generation projects</li> <li>• Load shifting/load management measures</li> <li>• Load reductions caused by building vacancies</li> <li>• Measures that rely solely on customer behavior or require no capital investment</li> </ul> | <ul style="list-style-type: none"> <li>• Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls</li> <li>• Measures for which incentives were received under another TNMP program</li> <li>• Repair and maintenance projects except A/C Tune-up</li> <li>• Energy-efficient gas measures when replacing non-electric technologies</li> <li>• Measures that result in negative environmental or health effects</li> <li>• Homes more recent than 2013</li> </ul> |
|---|---|

### **2.3.2 Non-Traditional 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.

### **2.3.3 Installation and Documentation Standards**

Project Sponsors are required to comply with all federal, state, and local licensing and permitting regulations. All installations must comply with all applicable codes, must be performed in accordance with industry best practices, and documentation must be provided in accordance with all current Program and TRM requirements.

### **2.3.4 Energy Savings Calculations**

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.

All payments to Project Sponsors are based on the measures' 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 are typically calculated automatically within P3.

Deemed Savings use pre-determined average kW and kWh savings for each measure. Project Sponsors are not required to perform any measurement or verification of energy savings.

Additional information pertaining to certain measures is provided below.

#### **2.3.4.1 Plug Loads**

Measures involving "plug loads" (equipment or appliances that are plugged into standard electrical outlets) are not permitted.

#### **2.3.4.2 Ceiling Insulation Measure**

- TNMP requires all ceiling insulation contractors to provide sufficient photo evidence, noted in the current TRM as:
  1. A picture showing the entire attic floor,
  2. A close-up picture of a ruler that shows the measurement of the depth of the insulation,
  3. A picture after insulation is complete.

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.

### 2.3.4.3 AC Tune-Up Measure

This measure applies to central air conditioners and heat pumps of any configuration as long as everything on the checklist in the TRM can be completed. An AC tune-up involves checking, cleaning, adjusting, and resetting the equipment to factory conditions in the understanding that such measures restore operating efficiencies, on average, closer to as-new performance. This measure applies to all residential applications.

For this measure, the service technician must complete all tasks defined in the TRM according to industry best practices. In order to properly assess and adjust the refrigerant charge level, the unit must be operating under significant (i.e., normal) cooling load conditions. Therefore, this measure may only be performed for energy savings reporting purposes when the outdoor ambient dry bulb temperature is above 75°F, and the indoor return air dry bulb temperature is above 70°F.

The latest TRM AC Tune-Up Checklist is provided below. This list may be updated from time to time, and the current TRM version shall apply:

#### Air Conditioner Inspection and Tune-Up Checklist

- Tighten all electrical connections and measure voltage and current on motors.
- Lubricate all moving parts, including motor and fan bearings.
- Inspect and clean the condensate drain.
- Inspect controls of the system to ensure proper and safe operation. Check the startup/shutdown cycle of the equipment to assure the system starts, operates, and shuts off properly.
- Clean evaporator and condenser coils.
- Clean indoor blower fan components.
- Inspect and clean or change air filters; replacement preferred best practice.
- Measure airflow via static pressure across the cooling coil and adjust to manufacturers specifications.
- Check refrigerant level and adjust to manufacturer specifications.
- Check capacitor functionality and capacitance and compare to OEM specifications.

Additional requirements pertaining to the AC Tune-Up measure, including data that must be provided to document the measure, are included in the TRM.

### 2.3.4.4 Central AC and Heat Pumps

TNMP would like to promote more contractors to utilize these measures at customer homes. After analysis and adjustment of the incentives, the measures will be capped at \$2,500.

An example of the Heat Pump calculations is below based on the following factors: Weather zone: 2; Age of existing 2 ton unit: 15 years; SEER 16; Early Retirement; EER 12.

**RES: Peak kW: 3.19; Annual kWh: 6401**

$$(3.19 * 425) + (0.14 * 6401) = \$2,251.89$$

**HTR: Peak kW: 3.19; Annual kWh: 6401**

$$(3.19 * 465) + (0.15 * 6401) = \$2,443.50$$

Please note: TNMP is capping the incentive to \$2,500 and is requiring a picture of the HVAC nameplate where the model number is legible.

## 2.4 Free Ridership

Incentive eligibility is limited to proposed projects that are wholly contingent upon a commitment of incentive funding. Projects contracted without the express written assumption of incentive

funding availability are ineligible to receive such funding.

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.

### 3 Incentive Design and Delivery

#### 3.1 Total Funding

TNMP has a combined total incentive budget of **\$1,650,000** for all Residential and Hard-to-Reach SOP projects for 2019. The incentive budget is divided between the two programs as follows:

- **\$1,300,000** for the Residential Standard Offer Program, and
- **\$350,000** for the Hard-to-Reach Standard Offer Program.

#### 3.2 Incentives

The incentive rates for Residential and Hard-to-Reach projects are shown in Table 6 below. Higher incentive rates are available for projects serving Hard-to-Reach customers.

For standard measures, TNMP pays for each kW and kWh of verified savings according to a fixed pricing structure (“standard offer”). The kW payment is based on Peak Demand Savings; the kWh payment is based on the annual kWh savings. Payments may be adjusted based on results of TNMP’s site inspection results as described elsewhere in this document and in the SOP Agreement.

An alternative rate applies to certain measures.

**Table 6. 2019 Res/HTR SOP Incentive Rates**

2019 Incentives	EUL	Res SOP		HTR SOP	
		\$/kW	\$/kWh	\$/kW	\$/kWh
Ceiling/Roof Insulation	25	\$229	\$0.10	\$323	\$0.18
Central AC*	18	\$350	\$0.13	\$385	\$0.14
Central Heat Pump*	15	\$425	\$0.14	\$465	\$0.15
LED	20	\$3.50/Lamp	N/A	\$4.50/Lamp	N/A
Attic Encapsulation	25	\$229	\$0.10	\$323	\$0.18
Cool Roofs	15	\$250	\$0.07	\$270	\$0.11
A/C Tune-up	5	\$130	\$0.12	\$170	\$0.11
Low-Flow Showerheads	10	\$225	\$0.07	\$270	\$0.11
Pool Pumps	10	\$250/ea	N/A	N/A	N/A
All Other Measures	≥10	\$225	\$0.07	\$270	\$0.11

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.

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 benefit of participating in a TNMP program. Any costs in excess of the incentive amounts provided by the Program are to be covered by the Project Sponsor and/or Customer.

\*TNMP is capping the Central AC and Heat Pump measure to \$2,500

### **3.3 Project Sponsor Limits**

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 Program, but must submit separate applications for HTR and Residential incentives.

### **3.4 Limits on Measure Mix**

An important objective of the SOP is to encourage projects that provide a comprehensive range of energy efficiency measures enabling TNMP to achieve significant summer peak or winter peak demand reduction.

To this end, TNMP reserves the right to limit the share of the total incentive budget reserved by certain measures in the program. Program guidelines such as these may be subject to change if it is deemed necessary to achieve program objectives.

### **3.5 Incentive Commitment and Expiration**

Incentive funds are committed to projects when projects are submitted by the Project Sponsor on a first-come, first served basis, subject to the limits described above. All incentive commitments expire at the close of the program implementation period.

Projects that do not receive incentives because they are submitted after program funds have been depleted are not eligible to apply for incentives in the following program year.

### **3.6 Incentive Payments**

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.

## 4 Participation Process

### 4.1 Overview

The Program participation process, in summary, is as follows:

1. **Project Sponsor Enrollment & Application:** Project sponsors enroll in P3 and create their profile. Once the profile is complete in P3, the Project Sponsor will need to complete and submit the application. When notified of pre-approval, TNMP and Frontier will conduct in person interviews with those Project Sponsors to determine if they will be accepted into the program. After in person interviews, Project Sponsor will be notified of program acceptance.
2. **Project Initiation and Submittal:** Once application is accepted, Project sponsors use P3 to determine customer and project eligibility, confirm budget availability, define and upload project specifications, calculate incentives, and submit eligible projects. Project Sponsors use P3 to submit eligible projects, providing appropriate documentation for each.
3. **Project Review, Inspection and Payment:** TNMP reviews all submitted projects, approves projects for funding in accordance with program guidelines, selects a percentage for on-site inspections, conducts inspections, and approves payment for completed projects.

### 4.2 Detailed Process Steps

#### 4.2.1 Project Sponsor Application

Qualifying Project Sponsors must apply separately for each program via the following steps:

1. The first step in the Res/HTR SOP application process is for the Project Sponsor to submit an Application. There is both a Residential and Hard-to-Reach Project Application Process. Each application includes information about the Project Sponsor's corporate information, qualifications, and references and the estimated kW and kWh impacts.
2. A copy of the SOP Agreement that will be executed by TNMP and the Project Sponsor prior to the project implementation must be included with the application. Once the project submittal period has begun, TNMP will not entertain proposed modifications to the SOP Agreement.
3. TNMP reviews each application and approves or denies each Project Sponsor.

Once a Project Sponsor is accepted, they will be authorized to access P3 and submit projects without further approval, until all Project incentive funding has been allocated or until their Project Sponsor limit has been reached.

Project Sponsors must make sure they submit their application no later than the application deadline shown in Table 2. Key Implementation Dates. Please note:

- 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 during the application period on an equal basis, without regard to the order in which they were received.

The information listed below is required of all Project Sponsors:

- Project Sponsor name.
- W9 and 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.
- Name and contact information of representative(s) that will have direct interaction with customers.
- Names, addresses, etc., of all subcontractors.
- A copy of all current industry licenses and certifications relevant to the measures they will install, e.g., Texas air conditioning and refrigeration license, other relevant third party training courses completed, etc.

TNMP also 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) utility/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.

Project sponsors must provide a listing of certifications or licenses held (e.g., HVAC license), or relevant third-party training courses completed.

Project Sponsors are asked to describe the customer types being targeted and/or building/dwelling characteristics being targeted.

Project Sponsors are also asked to describe the marketing mechanisms intended to be used and to describe previous projects that were successfully completed by the Project Sponsor utilizing similar marketing methods.

*All marketing materials must be submitted for review and approval prior to use. Please submit your marketing materials via email to [Ashley.Mitchell@TNMP.com](mailto:Ashley.Mitchell@TNMP.com). You are not allowed to use any marketing materials until approved by Program Manager.*

For more information on marketing materials, please refer to section 2.1.1.

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.
  - Only if there have been updates or changes to the company since last participation
- Insurance: Project Sponsors and subcontractors must submit proof of insurance listing TNMP as additional insured using the Certificate Holder Format below. Please have your insurance provider mail or email these documents directly to Ashley. Prior to commencing any installation activities, Project Sponsor shall submit its insurance certificate to TNMP.

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

- A copy of all **current** industry licenses and certifications pertaining to applicable measures for the Project Sponsor: HERS, BPI, or HPP, insulation installation, HVAC, electrical, etc.

Please note, Projects Sponsors must fill out an application for Residential and Hard-to-Reach separately but they are allowed to upload all required documentation to the Residential profile. Failure to provide required documents with the application may result in automatic rejection of the application.

#### **4.2.2 TNMP Review of Project Sponsor Applications**

Once the applications have been received, the Program Administrator will work with selected Project Sponsors to schedule an in-person interview. During this interview, the Program Administrator and Program Manager will meet with the Project Sponsor and everyone on their team that will work in the TNMP service territory promoting the program. The purpose of the in-person meeting is to improve understanding of program requirements and communications, so that accepted Project Sponsors are well-prepared to answer questions from potential Customers throughout the program year. After the in-person interview, TNMP will make final selections of Project Sponsors to work with the program.

Approved Project Sponsors will be able 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 the programs' incentive budgets and will be able to submit invoices for the measure installations that have been completed. No further approvals are required from TNMP to begin work in the program.

TNMP may reject an application if:

- The application is received after the application submittal deadline;
- 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 an 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 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.

#### **4.2.3 Project Initiation and Submittal**

The project application and submittal process exists within P3, and enables approved Project Sponsors to apply to reserve and receive incentives for projects 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 advance 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 application(s), Project Sponsors may submit completed installations in invoices so long as there are sufficient funds in the program budget and the Project Sponsor has not already met their incentive limit.

All application forms, instructions, frequently-asked questions, and helper applications will be accessible on the Utility website. All project submittals must be completed and submitted online within P3. Projects may be submitted by approved Project Sponsors on a first come, first served basis. Once the Project Sponsors have completed filling out their application, they can submit it right away.

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.

To promote efficient and timely work within the programs, the program design enables approved Project Sponsors to submit projects multiple times per month for amounts as small as \$250, up to a total of the Project Sponsor limit shown in Table 1. Incentive Budgets and Limits.

Due to the nature of the first come first-served program design, Project Sponsors are encouraged to submit projects as early and as often as possible. Before submitting projects, ensure that all required documents are uploaded for each project.

*If a 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. Projects installed and submitted after program funding has been depleted are not eligible to reapply in the following program year.*

*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-submitted installations. Also, once the funds have been depleted, TNMP will not roll over homes to the next program year that were not paid. It is the Project Sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.*

Project Sponsors have two options for submitting projects:

*One-by-One Submission*

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

All installations must be completed and all implementation data reported to TNMP no later than November 29, 2019.

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.

*Standard Forms*

The Project Sponsor shall also use the following standard forms, which are available in the resources tab on the Utility website or upon request to the Program Manager:

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 confirms that: the measures described in the Host Customer Agreement have been installed to his/her satisfaction; and that TNMP is allowed 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. Please refer to page 7 of this document for the definition of host customer. For assistance with customer forms, contact the Program Administrator.

Copies of all required 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.

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, or contact the program manager if you have any difficulties.

### *Work Scheduling*

Project Sponsors must maintain a work schedule within the program, informing (via email and P3) the Program Manager on the location, time and date that marketing activities and/or work is performed weekly. Failing to maintain a work schedule could result in corrective action and/or termination from the program. For more information on corrective action, please refer to Section 5.2.

### *Program Marketing Activities*

During the implementation period, the Project Sponsor will perform marketing and implementation activities and report progress on a regular basis to TNMP. TNMP-branded marketing materials are required for use throughout the program year. Project Sponsors shall request the amount of printed copies needed from the Program Manager to be mailed to the Project Sponsor.

## **4.2.4 Inspections and Approval**

Program Administrator will review all documentation associated with each submitted project, verifying selected entries for accuracy.

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

To facilitate the installation inspection process, Project Sponsors are required to submit work schedules a minimum of 24 hours prior to beginning work. Project Sponsors should coordinate their work schedule with the Program Administrator, who will inform inspection staff. Failure to comply with the work schedule requirement could result in corrective action.

For multifamily projects, the objective is to conduct 100% pre-inspections and on a post inspection minimum of 10% of the units to be retrofitted at each project. Frontier will coordinate inspections with the Project Sponsor. Additional inspections may be conducted without prior notice to the Project Sponsor.

For single-family projects, the objective is also to conduct inspections on a minimum of 10% of a Project Sponsor's single-family submitted projects as a combined program total. Frontier and TNMP may monitor the daily work schedules submitted by each Project Sponsor, and may conduct random, unannounced inspections.

*To facilitate the 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.*

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. The Project Sponsor can show the customer who they can expect a call from on the TNMP Branded Marketing Materials.*

#### **4.2.5 Payment**

Incentives are paid based on deemed savings after the completion of the project, as modified by the Adjustment Factor described above, if applicable.

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.

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.

## **5 Quality Control/Quality Assurance**

The program design employs pre- and post-inspections as well as non-conformance procedures for investigating the root causes of any failed inspections. Handled on a one-by-one basis, consequences may include a reduction/refusal of incentive payment. In instances where incorrect information was deliberately provided by a contractor or distributor, those businesses may be suspended or expelled from the program.

Project Sponsors with projects that are found to be unlikely to produce estimated savings through the pre-inspection process will be notified of the issues regarding their project design or documentation and will be allowed to re-submit or amend their project.

Project Sponsors with projects that fail post-installation inspections will be required to correct the problems identified and either submit evidence of correction or schedule a second inspection, at the Program Manager's discretion. Project Sponsors that fail to correct deficiencies in a timely manner may be removed from the Program and/or denied an incentive.

### **5.1 Project Sponsor Standing**

All Project Sponsors must maintain good standing with the Program. Project Sponsors in good standing are defined as those:

- Who have attended all required Project Sponsor meetings, technical training sessions and other mandatory events;
- Whose three most recent installations subject to a Program inspection have passed those inspections on the first attempt;
- Who have maintained and documented to the Program Manager proper and current licensure, certificates, insurance, and other eligibility requirements;
- Who have provided all required progress reports in a timely fashion; and,
- Who work in good faith with the Program Manager to resolve any Customer disputes or complaints and to change business practices as appropriate to reduce the likelihood of future disputes or complaints.

Project Sponsors who are not in good standing may be removed from the Program. They will be notified by the Program Manager of their status and will be required to work with the Program Manager to develop a plan to correct the problem(s). A lack of progress on this plan may lead to disqualification.

### **5.2 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.

In addition, Project Sponsors may experience corrective action for misrepresenting the programs, utilizing marketing materials that have not been pre-approved by TNMP, performing work that generates excessive customer complaints, or other issues that come to the attention of TNMP or Frontier. Failure to adhere to the reporting or program requirements may result in the following corrective actions:

- First failure: Temporary suspension from the program until investigation is complete
  - After investigation the first failure will stay on the Project Sponsors record for 60 days
  - A 10% penalty will be applied to incentive payments for affected measures or invoice
- Second failure: Temporary suspension from the program until investigation is complete

- After investigation the second failure will stay on the Project Sponsors record for an additional 60 days
- A 100% penalty applied to incentive payment for affected measures or invoice
- Third failure: contract termination.

### **5.3 Disqualification**

All Project Sponsors are required to maintain proper licensure, certificates, insurance, and other eligibility requirements as stated in the online registration system. The Program Manager may also determine and maintain metrics of Project Sponsor performance which may be used to disqualify Project Sponsors from participation in the Program. Project Sponsor performance metrics that indicate potential grounds for disqualification may include but are not limited to:

- High rates of Customer/City complaints handled by Program Management staff;
- High rates of submitting incomplete or ineligible project applications;
- Low rates of passing Program inspections; and/or
- Low rates of completing pre-approved projects within the incentive reservation period.

### **5.4 Dispute Resolution**

Unresolved disputes hurt the success of the Program. In this respect, the overriding objective of all the participants in the Program is to achieve 100% Customer satisfaction and to satisfactorily resolve all disputes at the lowest level possible.

Disputes, concerns or complaints arising from Customers should, in general, be addressed at the lowest level possible. Most of the time, this means the problem should be resolved between the Project Sponsor and Customer.

Issues that cannot be addressed by the Project Sponsor and Customer and are brought to the attention of the Program Administrator may be addressed by the Program Administrator. The Program Administrator first level response shall be to document the date and nature of the complaint and the specific details. This shall include contact information, name, address, phone number and/or email of all parties involved. The Program Administrator will maintain all contact and status records. This will open the issue; next an appropriate action step must be completed for it to be resolved and closed. The Program Administrator shall be responsible to delegate or take action to resolve the issue within 2 weeks.

Disputes, concerns or complaints arising between Project Sponsors and the Program Administrator shall follow a similar path. The Program Administrator first level response shall be to document the date and nature of the complaint and the specific details. Again, this will include contact information, name, address, phone number, and/or email of all parties involved. The Program Administrator will maintain all contact and status records. This will open the issue; next an appropriate action step must be completed for it to be resolved and closed. The Program Administrator shall be responsible to delegate or take action to resolve the issue within 2 weeks.

Disputes that cannot be resolved nor have future action agreed to by all parties during initial contact may be brought to the Program Manager.