



2021
Residential and Hard-to-Reach
Standard Offer Programs

PROGRAM MANUAL

Updated January 2021

Table of Contents

1	PROGRAM OVERVIEW	2
1.1	BACKGROUND	2
1.2	PROGRAM DESCRIPTION	2
1.3	PROGRAM BUDGETS AND LIMITATIONS	3
1.4	TIMELINE AND KEY DATES	3
1.5	PROGRAM INFORMATION AND CONTACTS	3
1.6	PROGRAM CLARIFICATIONS	4
1.7	PUBLIC DISCLOSURE	4
2	ELIGIBILITY	5
2.1	PROJECT SPONSORS	5
2.1.1	Marketing Materials	5
2.2	CUSTOMERS	6
2.2.1	Residential Customers	6
2.2.2	Hard-to-Reach Customers	6
2.3	ENERGY EFFICIENCY MEASURES	6
2.3.1	Eligible and Ineligible Measures	6
2.3.2	Non-Traditional Measures	8
2.3.3	Installation and Documentation Standards	8
2.3.4	Energy Savings Calculations	8
2.3.5	Additional Measure Notes	8
2.4	FREE RIDERSHIP	11
3	INCENTIVE DESIGN AND DELIVERY	12
3.1	INCENTIVES	12
3.2	PROJECT SPONSOR LIMITS	13
3.3	LIMITS ON MEASURE MIX	13
3.4	INCENTIVE COMMITMENT AND EXPIRATION	13
3.5	INCENTIVE PAYMENTS	13
4	PARTICIPATION PROCESS	14
4.1	OVERVIEW	14
4.2	DETAILED PROCESS STEPS	14
4.2.1	Project Sponsor Application/Enrollment	14
4.2.2	Review of Project Sponsor Applications	16
4.2.3	Project Initiation and Submittal	17
4.2.4	Inspections and Approval	19
4.2.5	Payment	20
5	QUALITY CONTROL/QUALITY ASSURANCE	21
5.1	PROJECT SPONSOR STANDING	21
5.2	CORRECTIVE ACTION	21
5.3	DISQUALIFICATION	22
5.4	DISPUTE RESOLUTION	22

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 Program Manager) 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. Energy savings for eligible measures are 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 In-Person Meeting:** Project Sponsors enroll and apply to participate in each program via the online program database application, [P3®](#). Once application is pre-approved, Project Sponsors will be scheduled for an in-person meeting with TNMP and Frontier Energy (Program Administrator).
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 projects for on-site inspections, conducts inspections, approves payment for completed projects, and pays incentives.

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

2021 program incentive budgets and limits are listed in Table 1.

Table 1. Incentive Budgets and Limits

	Residential SOP	HTR SOP
Total program incentive budget	1,400,000	400,000
Project Sponsor limit (% of incentive budget)	20%	20%
Maximum invoice limit (% of incentive budget)	20%	20%

1.4 Timeline and Key Dates

Key dates for the 2021 Res/HTR SOP programs are listed in Table 2.

Table 2. Key Implementation Dates

Program kick-off webinar	Dec. 2, 2020 at 12pm-2pm CST
Project Sponsor application period begins	Dec. 2, 2020 at 2:00pm CST
Project Sponsor application period ends	Dec. 16, 2020 at 5:00pm CST
Project Sponsor notification of pre-approval	Dec. 30, 2020
Project Sponsor interview: TNMP will work closely with each Project Sponsors to schedule virtual interviews	Jan 4 - Jan 8, 2021
Project Sponsor notification of acceptance	Jan. 13, 2021
Implementation period begins	Jan. 18, 2021
Implementation period ends	Nov. 30, 2021

All installations must be completed, and all implementation data and documentation reported to TNMP no later than November 30, 2021.

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, 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 TNMP website (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
Morgan Nielsen
214-222-4186
Morgan.Nielsen@TNMP.com

Frontier Energy Program Administrator
Rob Lovenguth
(737) 443-7841
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 Program Manager 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 or general contractors/project aggregators;
- 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 the Res/HTR SOP Project Sponsor Agreement (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 Host Customer Agreement and Customer Acknowledgement forms, which are available on the TNMP website, 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 Program 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.

TNMP provides a mandatory marketing handout to Project Sponsors. TNMP will create, print, and mail this handout 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>.

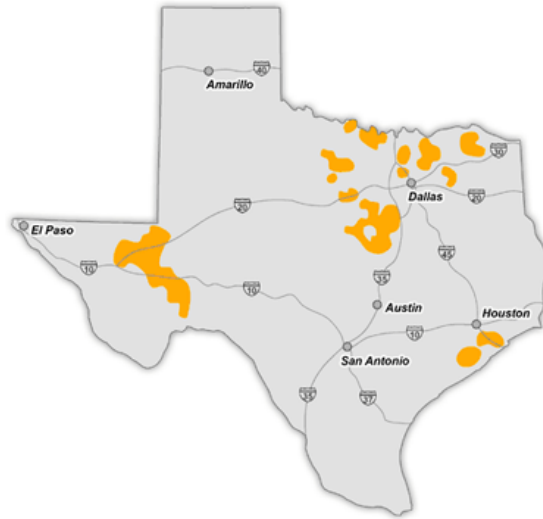


Figure 2-1. TNMP's Texas Service Area

2.2.2 Hard-to-Reach Customers

Eligible Hard-to-Reach (HTR) Host Customers are defined as residential customers with annual household income at or below 200% of federal poverty guidelines, or who meet certain other qualifications listed on 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 *Multifamily Property Owner Certification Form of Tenant Income Eligibility*, and have it signed by the property owner or manager.

Both forms are available on the [Public Utility Commission of Texas' website, under the Energy Efficiency](#) heading.

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. In order to further serve TNMP customers a minimum of 3 differing measures are required per project, unless the Project Sponsor provides documentation showing that fewer eligible measures qualified, or that additional qualified measures were refused by the Host Customer.

A list of eligible and ineligible measures appears in Table 3 and 4 on the following page.

Table 3. Eligible Measures and ProjectsEnvelope Measures

- Insulation: ceiling, wall and floor
- Duct Sealing (top floor only in multi-level projects)
- ENERGY STAR® windows
- Attic encapsulation
- Cool roofs

Cooling and Ventilation Measures/Projects

- High efficiency A/C replacements
- High Performance 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 (electric water heating only)
- Electric tankless or gas water heaters (storage or tankless) replacing electric storage water heaters
- Heat pump water heaters
- Waste heat recovery units

Other Measures/Projects

- ENERGY STAR® refrigerators
- ENERGY STAR® Omnidirectional and Specialty LEDs
- ENERGY STAR® connected thermostats
- ENERGY STAR® air purifiers
- Advanced Power Strips connected to entertainment or home office systems

Table 4. Ineligible Measures and Projects

- Air Infiltration reduction
- CFLs are ineligible; LEDs replacing existing CFLs are ineligible
- Measures that do not raise efficiency above current standards
- Cogeneration and self-generation projects, including renewable energy self-generation
- 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, except Advanced Power Strips
- Measures for which incentives were received under another TNMP program
- Repair and maintenance projects except High Performance A/C Tune-up
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- New homes (homes that were newly constructed within the past 5 years)

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.

Photos provided as required documentation should contain geotagging metadata. Typically, this means photos should be taken at low-resolution on a mobile phone or tablet with location services turned on and submitted in their native file format.

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.

Payments to Project Sponsors are based on the measures' peak demand (kW) and annual energy (kWh) savings, or on fixed rates per item installed. 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.

2.3.5 Additional Measure Notes

This section highlights requirements applicable to certain measures.

2.3.5.1 Electric Resistance Heating Claims

Several building envelope and other measures return greater savings when installed in homes with electric resistance heating. Beginning in 2021, the TRM requires additional documentation to validate electric resistance heat (e.g. nameplate photo, or photo of electric furnace). TNMP will be conducting 100% inspections on homes claiming electric resistance heating.

2.3.5.2 Advanced Power Strips

Installed Advanced Power Strips must be Tier 1 or Tier 2. Project Sponsors must provide proof of purchase or a photo of the unit installed. Maximum of 2 per home.

2.3.5.3 Ceiling Insulation Measure

TRM updates starting in 2021 require savings for all ceiling insulation retrofits to be based on a minimum pre-retrofit R-value in the R-5 to R-8 range. This will significantly reduce savings for homes with starting R-values below R-5.

TNMP requires all ceiling insulation contractors to provide pre- and post-R-values, identification of cooling and heating types, and square footage of installation installed above conditioned space. When the pre- R-value is below R-5, contractors must provide photo documentation clearly showing the existing insulation levels. Additional documentation is required to validate electric resistance heat (e.g., nameplate photo, utility inspection, or other evaluator-approved approach); sampling is allowed for multifamily complexes.

In the event there are varying levels of existing insulation, an area-weighted U-factor should be used to find the effective R-value across the treated area. The U-factor should be taken from the existing insulation only. This approach can be used in single attic spaces and savings should be estimated separately for independent spaces where there is separate heating or cooling method, i.e. additions.

Area-weighted U-factor Calculation Method:

$$U_A = [U_1 \times Area_1 + U_2 \times Area_2 + \dots] / [Area_1 + Area_2 + \dots]$$
$$Effective\ R\text{-value} = 1 / U_A$$

Alternatively, Project Sponsors may record varying R values across defined areas to find savings per area.

2.3.5.4 Duct Sealing Measure

This measure involves sealing leaks in supply and return ducts of the HVAC distributions systems of homes with central air conditioning. Homes without central air conditioning but with a ducted heating system are not eligible. The Duct Efficiency measure is only eligible if at least 50% of duct work is located in unconditioned space; ducts located in fur-downs are considered to be in conditioned space.

Duct Sealing deemed savings are described in the TRM. To qualify for incentives for Duct Sealing measures, in addition to meeting the TRM requirements, the following prescriptive requirements also apply, if applicable:

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

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

The Texas TRM requires duct leakage-to-outside testing using a combination duct pressurization and house pressurization. Materials used for sealing should be long-lasting materials, such as mastics, UL 181A or UL 181B approved foil tape, or aerosol-based sealants. Fabric-based duct tape is not allowed. Further details are provided in the TRM.

This measure involves sealing leaks in supply and return ducts of the HVAC distributions systems of homes with central air conditioning. Homes without central air conditioning but with a ducted heating system are not eligible.

2.3.5.5 High Performance AC Tune-Up Measure

This measure applies to central air conditioners and heat pumps of any configuration as long as all requirements designated in the TRM can be completed and documented, and contractors have met all required training and documentation requirements.

2.3.5.6 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: 3.11; Annual kWh: 6400

$(3.11 * 425) + (0.14 * 6400) = \$ 2,217.75$

HTR: Peak kW: 3.11; Annual kWh: 6400

$(3.11 * 465) + (0.15 * 6400) = \$ 2,406.15$

Please note: TNMP is capping the incentive to \$2,500 and requires photo documentation of the removed system's outside unit nameplate as well as photos of the installed system's inside and outside units' nameplates where the model number is legible. If the model number of the removed system is not legible, a photo should still be submitted to document that it is illegible.

2.3.5.7 Electric Tankless or Gas Water Heaters (Storage or Tankless)

This measure involves installing a new electric tankless or gas-fueled water heater (storage or tankless) in place of an electric storage water heater. Existing electric water heaters with tanks greater than 55 gallons are not eligible for this measure but may be eligible for replacement with a heat pump water heater. New water heaters must meet the efficiency standards defined in the TRM.

2.3.5.8 ENERGY STAR® Air Purifiers

This measure consists of the installation of an ENERGY STAR® air purifier. Contractors must provide data on the climate zone, number of air purifiers installed, the clean air delivery rate (CADU) of each, and proof of purchase or a geotagged photo of the installed product showing the make and model number. A list of eligible products can be found online at [ENERGY STAR Certified Products: ENERGY STAR Certified Room Air Cleaners](#).

2.3.5.9 ENERGY STAR® Connected Thermostats

This measure consists of the replacement of a standard or programmable thermostat with an ENERGY STAR® connected thermostat per TRM requirements. All residential customers with refrigerated air conditioning are eligible to claim cooling savings for this measure. Customers must have electric central heating (either an electric resistance furnace or a heat pump) to claim heating savings. A list of eligible thermostats can be found online at [ENERGY STAR Certified Products: ENERGY STAR Certified Smart Thermostats](#).

2.3.5.10 Water Saving Measures (Faucet Aerators, Low Flow Shower Heads, Water Heater Pipe Wrap)

To be awarded incentives, the fuel type of the home's water heater must be electricity. In addition:

- New faucet aerators with a maximum flow rating of 1.5 GPM must replace existing aerators with a minimum flow rate of 2.2 GPM.
- New low flow showerheads with a maximum flow rating of 2.0 GPM must replace existing showerheads with a maximum 2.5 GPM.
- Existing equipment that has been defaced so as to make the flow rating illegible are not eligible for replacement. Removed equipment shall be collected and photographed by the contractor and held for possible inspection by the utility.

- Water heater pipe insulation length must be at least 3 feet in order to qualify.
- These measures require photo evidence of electric water heating in the home.

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 Incentives

The incentive rates for Residential and Hard-to-Reach projects are shown in Table 5. 2021 Res/HTR SOP Incentive Rates below. Higher incentive rates are available for projects serving Hard-to-Reach customers.

Incentives are defined on a per-unit basis for certain measures. For all other measures, TNMP pays for each kW and kWh of verified savings as shown in the table below. 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.

Table 5. 2021 Res/HTR SOP Incentive Rates

Incentives		Res SOP		HTR SOP	
Per-Unit Measures	EUL (Yrs)	\$/unit		\$/unit	
High Perf. AC Tune-Up	5	\$150/tune-up		\$150/tune-up	
Advanced Power Strip	10	\$40/APS		\$50/APS	
Air Purifiers	9	\$100/unit		\$100/unit	
LED (Omni or Specialty)	8Res/10HTR	\$3.50/Lamp		\$4.50/Lamp	
Faucet Aerator	10	\$3.50/aerator		\$4.50/aerator	
Low-Flow Showerhead	10	\$35/showerhead		\$45/showerhead	
Pool Pumps	10	\$250/pump		N/A	
Water Heater Pipe Wrap	13	\$5/wrap		\$10/wrap	
Smart Thermostat	11	\$150/thermostat		\$200/thermostat	
		Res SOP		HTR SOP	
Other Measures	EUL	\$/kW	\$/kWh	\$/kW	\$/kWh
Ceiling/Roof Insulation (pre R-value 0-4)	25	\$275	\$0.12	\$452	\$0.25
Ceiling/Roof Insulation (pre R-value 5+)	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
Attic Encapsulation	25	\$229	\$0.10	\$323	\$0.18
Duct Sealing	18	\$260	\$0.12	\$340	\$0.13
Cool Roofs	15	\$250	\$0.07	\$270	\$0.11
All Other Measures	≥10	\$225	\$0.07	\$270	\$0.11

*The maximum incentive for the Central AC and Heat Pump measure is capped at \$2,500.

The Program Administrator 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 Program Administrator 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.

3.2 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.

3.3 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.

3.4 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.

3.5 Incentive Payments

The Project Sponsor will receive the incentive payment within 45 days after a project is in submitted status, 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 an in-person meeting with those Project Sponsors to determine if they will be accepted into the program. After the in-person meetings, 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:** Program Administrator 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/Enrollment

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.
2. A copy of the SOP Agreement that will be executed by Frontier 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 approved, 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 videos that are 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/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.
 - Project Sponsors intending to perform the Duct Sealing measure must carry certifications applicable to those testing procedures. These include one or more of the following:
 - HERS Rater (RESNET)
 - Building Analyst Professional (BPI)
 - Building Envelope Professional (BPI)
 - Energy Smart Contractor (RESNET)

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 Morgan.Nielsen@TNMP.com and/or bring them to the interview. 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 Frontier Energy Vendor Certification Form, ACH Authorization Form and copy of a cancelled check so payments can be made to Project Sponsor.
- Insurance: Project Sponsors and subcontractors must submit proof of insurance conforming to the requirements listed in the SOP Agreement.
- 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, RESNET, etc.

Please note, Projects Sponsors must fill out an application for Residential and Hard-to-Reach separately but they can 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 Review of Project Sponsor Applications

Once the applications have been received, the Program Administrator will work with selected Project Sponsors to schedule a meeting. During this meeting, 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 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 meeting, 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 a project 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 project submission.

After receiving approval for their application(s), Project Sponsors may submit completed projects in the database 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 TNMP 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 a project 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 a project when program funds are close to being depleted, there is no guarantee that their project 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 30, 2021.

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, Program Administrator will notify the Project Sponsor. The Project Sponsor shall have 10 business days from the date of 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 TNMP 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.* 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. *Customer Acknowledgement.* Residential customers or multifamily property managers use this form to confirm that: the measures described in the Host Customer Agreement have been installed to his/her satisfaction; TNMP is allowed access to the host customer site. The Project Sponsor also affirms that the project is completed and all bills have been paid.
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 videos that are available on the Help page within P3 for help with the upload feature or contact the Program Administrator if you have any difficulties.

Work Scheduling

Project Sponsors must maintain a work schedule within P3 and separately inform the Program Manager via email weekly on the location, time and date that marketing activities and/or work is performed. 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 of each property and a post-inspection of a sample of the units 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 virtual or on-site post-inspections on 100% of a Project Sponsor's single-family submitted projects claiming electric resistance heating. 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 Project Sponsor will receive the incentive payment within 45 days after a project is in submitted status, subject to TNMP's post-installation inspection results.

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 Project Sponsor, those contractors 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.