

2014 Load Management Standard Offer Program



Program Manual

For distribution level commercial class customers including governmental, non-profit, and educational (non-residential) customers of TNMP

TNMP
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Summary

The TNMP 2014 Load Management Standard Offer Program (“TNMP 2014 LM SOP”) is designed to provide non-residential customers the opportunity to earn money by making their facilities available to reduce electric power consumption when given 30 minutes notice for short periods of time during the summer peak demand season.

The TNMP 2014 LM SOP is designed to reduce demand during peak periods, defined as weekdays 1-7 p.m. CDT, June through September, excluding Federal holidays. It is a performance-based program that offers incentive payments to participating customers for voluntarily curtailing electric load on notice. This manual outlines the requirements for participation and explains the commitment program participants must make.

TNMP has set an initial goal of enrolling 3 MW of curtailable load in the 2014 program year and has an incentive budget of \$150,000.

Background

The TNMP 2014 LM SOP was developed as a pilot in 2009 in accordance with Public Utility Commission of Texas (PUCT) Substantive Rule 25.181, which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call, voluntary curtailment of electric consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that occur at TNMP distribution sites or at eligible institutional customers’ sites as a result of calls to request curtailment. Customers are not required to produce a specific level of curtailed load but will only receive payments based on verified demand savings of the contracted amount of curtailable load.

Participation

Project Sponsors¹ can participate in this program through a Five-Step Process described in detail in this Program Manual, which can be accessed on TNMP’s energy efficiency website, <http://www.tnmpefficiency.com>. The five steps are (1) Application, (2) Contracting, (3) Performance (4) Measurement and Verification, and (5) Payment of Incentives to the Project Sponsor.

Requirements

The TNMP 2014 LM SOP is based upon a good-faith agreement between the Project Sponsor and TNMP. It requires the participating entities to curtail agreed-upon loads for up-to four hours, four times per year during the summer Performance Period, plus a test curtailment of one-to-two hours each year to verify load availability (a maximum of 5 calls for a total of up-to 18 hours per year). The contract can be renewed each year by resubmitting online application materials to the TNMP 2014 LM SOP website, and issuance of a signed contract agreement. The agreement may be terminated by either party without penalty.

¹ Throughout this document, the term “Project Sponsor” is used to refer to either a participating customer (self-sponsor) or a third party sponsor, who might work with various facilities to offer demand reduction into the program.

Eligibility

TNMP prefers that project sponsors be capable of providing at least 50 kW of peak demand reduction at each site for which load reduction is offered into the program. However, TNMP may accept applications including sites providing less than 50 kW of peak demand reduction in the interest of meeting its peak load reduction targets.

Each individual project site must be equipped with an Interval Data Recorder (IDR) or advanced meter. Customer sites not equipped with either meter may request the installation of an IDR or advanced meter at no cost.

All included project sites must be non-residential customers of TNMP taking service at the distribution level, and/or be a non-profit customer or government entity, including educational institutions.

Finally, a customer does not qualify for this program if curtailment presents a safety or health risk or if curtailment would result in building vacancies or the re-location of existing operations to a location outside of the area served by TNMP.

Customer Commitments

Participating customers agree to a one-year commitment. While there are no penalties if customers opt out of the program at an earlier time, opting out (or other forms of non-delivery) in a given program year may cause TNMP to look unfavorably on applications to participate in subsequent program years. By its participation, the commercial or institutional customer commits to a maximum of five curtailments each year as follows:

- One (1) Scheduled Curtailment of one-to-two hours' duration, plus a maximum of four (4) Unscheduled Curtailments of up-to four hours each during the 2014 Performance Period.

The 2014 Performance Period, for which customers commit to making their load available, runs from June 1 through September 30 on weekdays between the hours of 1:00 p.m. and 7:00 PM CDT, excluding Federal holidays.

Financial Benefits

TNMP will set aside \$50 per kW for the contracted curtailable load amount (kW) of each Project Sponsor accepted to the program. Actual payment will be made by November 15, 2014. For example, a Project Sponsor who contracts for 1,000 kW and fully meets that obligation would earn \$50,000 for that program year.² Participating customers who deliver load reductions in excess of their committed curtailable load *may* receive an additional payment for some, or all, of the additional amount delivered if additional program budget is available, at TNMP's discretion. For further explanation, see Step 5.

² Note: Payments are subject to TNMP verification. Information contained in this program description is subject to changes in the rules of the Public Utility Commission of Texas (PUCT).

2014 Load Management Program

The Public Utility Commission of Texas (PUCT) authorized the investor-owned Transmission and Distribution Utilities operating in Texas to implement and manage a demand control program known as the Load Management Standard Offer Program (PUCT Substantive Rule 25.181, Docket No. 33487), and to pay its participating eligible customers for agreeing to curtail pre-determined electrical loads. In the TNMP 2014 LM SOP, sponsoring participants (“Project Sponsors”) may be any TNMP commercial, governmental, educational, or non-profit customer (or a group of eligible customers represented by a third party) of qualifying load size. Project Sponsors complete a five-step process in order to receive incentive payments:

- **Step One: Application (Appendix A).** Project Sponsor submits the online application in order for TNMP to review the proposed project for feasibility and to tentatively reserve incentive funding.
- **Step Two: Contracting (Appendix B).** The qualifying Project Sponsor enters into a Standard Offer Contract with TNMP by executing the Contract Cover Sheet.
- **Step Three: Performance Period.** The Project Sponsor performs all Scheduled and Unscheduled Curtailments between June 1 and September 30 of the contracted program year, upon notification from TNMP.
- **Step Four: Measurement and Verification.** TNMP verifies demand savings from Scheduled and Unscheduled Curtailments (the “Verification Process”).
- **Step Five: Incentive Payments.** TNMP pays the Project Sponsor for the average of Scheduled and Unscheduled Curtailments.

Each of these steps is covered in detail in subsequent sections of this Program Manual.

Project Sponsors must commit *Curtable Load* to the program for one summer peak demand period. There are no penalties beyond loss of participation for Project Sponsors who opt out of the program before the end of the performance period; however, opting out (or other forms of non-delivery) in a given program year may cause TNMP to look unfavorably on a project sponsor’s application to participate in subsequent program years. Curtailments may occur during the summer peak demand period of each year, defined for this program as weekdays, June 1 through September 30, between the hours of 1:00 and 7:00 PM CDT, excluding Federal holidays.

Application. Interested parties can apply to participate in the program by submitting their Project Sponsor Profile and Project Site Information on the TNMP 2014 LM SOP website.

TNMP will accept applications for participation in the 2014 program on its eCurtail website (<http://ecurtail.com/tnmp>) on a rolling basis beginning Error! Reference source not found., and must be contracted by April 1, 2014.

Contracting. TNMP will extend Standard Offer Contracts to those applicants accepted for participation. Contracts must be in place prior to June 1 for participants to be eligible for the full payment. If the program is not fully subscribed by June 1, TNMP may opt to admit late entrants, but the payment for which they qualify will be prorated according to the number of days in the peak demand season their load was not available for curtailment.

Performance Period. Participants are required to curtail pre-determined and contracted electric loads for a maximum of up to 18 hours annually, determined as follows:

- one test Scheduled Curtailment of one-to-two hours' duration, plus
- up-to four Unscheduled Curtailments each year, none of which will exceed four hours' duration.

For the purposes of this program, the Performance Period is defined as the hours between 1:00 and 7:00 p.m. Central Daylight Time, on weekdays, June 1 through September 30, excluding Federal holidays.

Participants will be provided notification of an unscheduled curtailment event 30 minutes before they are expected to implement their load reduction strategy. Unscheduled curtailments will have a duration of at least one hour and at most four hours. Unscheduled Curtailments will be called at the option of TNMP or in response ERCOT Energy Emergency Alert level 2 (EEA 2).

Measurement & Verification and Payment. TNMP will set aside \$50 for each kW of curtailable load for which it contracts through this program. The actual payment made by November 15, 2014 depending on the load reduction delivered by project sponsors during the events called. As such, a project sponsor who offers 1 megawatt (1,000 kilowatts) of curtailable load into the program and fully meets that obligation would earn \$50,000 for participation in the 2014 program. To understand how TNMP verifies the amount of load reduction a project sponsor delivers, see Step Four, below.

Program Objectives

The TNMP 2014 LM SOP seeks to achieve two primary objectives: (1) to create the ability to reduce summer peak demand in the TNMP service territory in a cost-effective manner; and, (2) to assist TNMP in reaching the demand savings goals established by the legislature and PUCT regulations. In addition, there are secondary program goals that are reflected in the SOP rules and procedures:

1. to create a simple and streamlined program process to stimulate strong program participation from energy efficiency service providers;
2. to minimize the burden of measurement and verification requirements for the SOP by implementation of a simple verification process; and,
3. to develop a market-based mechanism to encourage delivery of electric demand savings during periods of peak demand at ERCOT.

To meet these goals in 2014, TNMP has set an initial goal of enrolling 3 MW of curtailable load in the TNMP 2014 LM SOP.

Program Eligibility

Interested parties must identify one or more Project Sites capable of delivering load reduction in response to a 30 minute advance call. Individual facilities, companies with multiple sites within TNMP's service territory, and third-party aggregators authorized to represent qualifying sites are all eligible to become a project sponsor.

Project Sponsor Requirements

Eligible Project Sponsors include any of the following entities:

- Individual customers that identify curtailable load in their own facility or facilities (self sponsors).
- Energy Service Companies (ESCOs) and Retail Electricity Providers (REPs).
- Other third-parties with customer agreements.

Furthermore, Project Sponsors are solely responsible for assuring that contracts with retail electric providers permit each site's participation in the program.

To ensure that the TNMP 2014 LM SOP incentive budget is allocated to projects that are likely to meet with success, all Project Sponsors are required to complete an application demonstrating a commitment to fulfilling TNMP 2014 LM SOP objectives and competency in completing their proposed project. Project Sponsors are required to submit information concerning their loads, operating characteristics, and experience as part of the application process.

A complete description of the application requirements are found under Step One, below.

Project and Site Eligibility

A project site is defined in the TNMP 2014 LM SOP as one or more metered locations having an estimated curtailable load (estimated kW demand savings) during the summer peak demand period of at least 50 kW per meter. Project Sponsors may include more than one project site in their applications provided each project site meets the following requirements:

1. It is a distribution level customer of TNMP and/or a non-profit, governmental, or educational institution served by TNMP;
2. It can provide total estimated demand savings of at least 50 kW during the 2014 Performance Period; and,
3. It is served by an Interval Data Recorder (IDR) or advanced meter that is monitored by TNMP.³

If all buildings and meters at a given site are tied to one IDR, then they may be combined into a single project site. If the participating customer (Project Sponsor) has multiple meters that are not tied together, then TNMP can aggregate them to the benefit of the customer.

Curtable Load Eligibility

Curtable loads must meet the following requirements:

1. Curtable load must produce demand savings (reduction of electrical consumption during a specified period) as the result of verified savings following a dispatched (noticed) curtailment.
2. Curtailment must begin within 30 minutes of notice, and last for the duration of the requested curtailment event, not to exceed two hours for the Scheduled Curtailment and four hours for any Unscheduled Curtailment, at any time during the performance period.

³ If an otherwise eligible site does not have an IDR currently installed, TNMP will install an IDR or advanced meter at no cost to the customer.

In general, the TNMP 2014 LM SOP does not specify limits to the types of loads eligible to be considered curtailable load. This permits Project Sponsors flexibility in determining the level and method of curtailing loads. However, the following sources of curtailable load are excluded from consideration for this SOP:

1. loads for which curtailment would result in negative environmental or health effects, in building vacancies, or the re-location of existing operations to a location outside of the area served by TNMP; and,
2. loads that receive an incentive through any other demand response program conducted by an independent organization, independent system operator, or regional transmission operator.⁴

Only load listed on the application will be considered eligible curtailable load: incentives will be paid only for demand savings directly related to curtailment of end-use equipment described in the application materials. This may be entire building(s) and/or individual end-use equipment that consumes electric energy during the summer peak demand period. TNMP will consider any and all curtailable load that consumes electrical energy for participation in the TNMP 2014 LM SOP. It is the Customer's (or other Project Sponsor's) responsibility to identify the project and project sites, but TNMP may provide advice concerning specific options and load curtailment opportunities upon request, at no direct charge to Proposers.

Standard Offer Program Review and Approval

The application process for the 2014 program year begins on a rolling basis beginning March 3, 2014. All applications must be contracted by April 1, 2014. All TNMP 2014 LM SOP applications are reviewed on a first-come, first-served basis; however, TNMP reserves the right to move an application up or down the priority list based on the quality of the proposed curtailable load, evaluation of the proposed sponsor's ability to implement curtailments or other such reasonable factors as may be applied. Applications will be accepted for the TNMP 2014 LM SOP until all funds have been committed. Projects placed on the waiting list that are not accepted for a given program year will not be carried over into the next program year, and must be resubmitted by the Project Sponsor. Project Sponsors from the prior year are required to submit a new application each year.

Upon approval of a project application, TNMP will notify participants and initiate the contracting process.

⁴ This provision does not preclude a load from participating in other programs that are not concurrent with TNMP's Performance Period. For instance, a load participating in ERS could participate in the LM SOP by providing ERS to ERCOT for the "Business Hours 2" and "Business Hours 3" periods during the June-September ERS program period.

Step 1: the Application Process

A Project Sponsor's first step to participate in the TNMP 2014 LM SOP is to Register online at <http://ecurtail.com/tnmp>. The application process requires completion of a Project Sponsor information form and individual site information for each Project Site included in the sponsor's proposed project. Project Sponsors are encouraged to apply as soon as possible after the TNMP bid period opens to increase their chances of being awarded a Contract. For 2014, applications will be accepted on a rolling basis beginning March 3, 2014 and must be contracted by April 1, 2014.

Applications are subject to ranking by TNMP based on factors including, but not limited to, the following: the amount and type of load to be curtailed, TNMP's perception of the likelihood that the proposer will be able to consistently curtail the offered load, etc. Proposals will be accepted until and after the program goal has been reached. Applications received after the program goal has been reached will be placed on a waiting list, from which they will be drawn in the event previous applications are either rejected or accepted at a lower capacity than their originally-proposed amount.

By submitting the project sponsor and site application forms through the TNMP 2014 LM SOP eCurtil website, the Project Sponsor is requesting that TNMP review the application and, if the application is approved, reserve funding for the Project Sponsor based on the proposed level of demand savings in the application, pending execution of the Standard Offer Contract (see Appendix B). The application has an interactive format and includes several sections and attachments that must be completed by the Project Sponsor.

Applications will be ranked and successful candidates will be offered contracts, until the program goal of a maximum of 3 MW has been achieved and all incentive funding has been committed. Once approved, TNMP will request execution of the Contract Cover Sheet (see Appendix B) for the project.

Required Project Sponsor Information

The application form includes questions that all Project Sponsors are required to complete. Project Sponsors must provide information about the scope of their proposed project(s). The following fields are to be filled out in the Project Sponsor section of the online application:

- 1. Project Sponsor Contact Name(s) and Information** - Identification and information related to one or more representative(s) of the Project Sponsor who are responsible for implementation of the project.
- 2. Project Sponsor Contact Telephone Numbers** – Primary and secondary telephone numbers are to be provided where TNMP can contact the Project Sponsor to provide advance notification of a Scheduled or Unscheduled curtailment. A representative of the Project Sponsor must be available at this number at all times during peak summer demand hours to accept and act on these calls. Contact names and numbers may be changed with proper notice.

The following fields are to be filled out for each Project Site included in a Sponsor's application:

- 1. Customer Information** - Information about the customers associated with all loads that the Project Sponsor proposes to include as curtailable load. If a Project Sponsor's proposed project involves multiple sites, the Project Sponsor should submit separate information for each site on the forms provided.

2. **TNMP ESI ID** – This number can be identified on the customer’s electric bill, and is necessary in order to verify whether a customer is a TNMP customer.
3. **Site Profile(s)** - A profile must be completed for each customer site and shall include estimated demand savings for the site, building type(s), operating schedules, and any additional site information that Project Sponsor believes is appropriate.
4. **Curtable Load** - A description of curtable load and processes for curtailment at each customer site. The description must include estimated kW reductions for each site during a one-hour peak demand period curtailment.
5. **Management Plan** – Here, the Project Sponsor describes how it will implement the curtailment when TNMP executes a call. This information includes the design, implementation, operation, and management of the project.
6. **Supporting Documentation** - Project Sponsors may submit additional supporting documentation that they determine is relevant for any project, and TNMP reserves the right to request additional information during the course of its review of the Application.

As part of the application review, TNMP will review the feasibility of the proposed curtable load and the accuracy of the demand savings estimates. TNMP may request clarification of, or additional information about, any item in the application. Project Sponsors must respond to such requests within the time period specified by TNMP. If the clarification or additional information is not forthcoming in a timely manner, TNMP may choose to discontinue its evaluation of the application.

Information and Application Contacts

MATERIAL REQUESTS	BEST SOURCE	ADDRESS AND CONTACT
Program Questions	Email/Phone	Stefani Case, EE Project Manager Stefani.Case@tnmp.com 469-484-8590
Technical Support, eCurtail website	Email/Phone	Lani Clark, Frontier Associates lclark@frontierassoc.com 512-372-8778 x. 136
Customer Agreements	Email/Mail	Stefani Case TNMP 577 N. Garden Ridge Blvd Lewisville, TX 75067 Stefani.Case@tnmp.com

Confidentiality

This and all Standard Offer Programs are subject to oversight by the PUCT, which may request a copy of any program materials that TNMP receives. Sensitive company and project information submitted by the Project Sponsor to TNMP such as load information, process descriptions, management information, and financial statements will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT and the third party EM&V contractor selected by the PUCT. TNMP will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

Submission of False Information

TNMP reserves the right to discontinue its evaluation of all submittals and terminate all Agreements of a Project Sponsor if it is determined that any submission or part of the submission contains intentionally false, misleading, or materially incorrect information.

Step 2: The Contracting Process

Once an Application (consisting of the Project Sponsor and Project Site information submitted via the online program tracking system) has been reviewed and approved by TNMP, qualifying Project Sponsor Applicants will be asked to complete the highlighted areas, execute and return the Contract Cover Sheet attached in Appendix B to this Program Manual. Because this is a Standard Offer Contract authorized by the PUCT, the terms of the Standard Offer Contract are uniform and effectively non-negotiable, except where it can be demonstrated to the satisfaction of TNMP that unique circumstances merit and require revision. Once the Contract Cover Sheet is signed by both the Project Sponsor and TNMP, the Project Sponsor's primary obligation will be to perform the following:

Respond effectively to calls for Scheduled and Unscheduled Curtailments of the contracted curtailable loads when notified by TNMP.

Monitor loads during Scheduled and Unscheduled Curtailments, and maintain the loads at the desired minimum throughout the duration for the event(s).

The primary obligations of TNMP will be to perform the following:

1. Perform the Measurement and Verification activities for each Project Sponsor site in order to verify and measure the Demand Savings for each Curtailment.
2. Calculate and issue the Incentive Payment by November 15, 2014 based on verified Demand Savings relating to the average of the annual Scheduled and Unscheduled Curtailment(s), for as long as the Agreement is in effect.

Step 3: The Performance Period

To achieve the goal of reducing load during peak demand periods, TNMP has set the maximum number of annual curtailments to five, including one annual Scheduled Curtailment of one-to-two hours' duration and a maximum of four annual Unscheduled Curtailments of one-to-four hours' duration each. In other words, a Project Sponsor will not be requested to call on its curtailable load any more than five times during a program year, for a total of no more than 18 hours.

Scheduled Curtailments

The TNMP 2014 LM SOP requires one Scheduled Curtailment of one-to-two hours, which will be called in early June. Scheduled Curtailments are for testing the ability of participants to curtail the amount specified in their applications in response to a call from TNMP during the peak demand season. The Scheduled Curtailment will occur between June 1 and June 15. The specific time and duration of the event will be coordinated before the event.

Unscheduled Curtailments

The TNMP 2014 LM SOP requires program participants to participate in up-to-four Unscheduled Curtailments. An Unscheduled Curtailment may occur in response to a call from TNMP or ERCOT reaching Level EEA 2 in its emergency operations.⁵ TNMP will notify Project Sponsors of an Unscheduled Curtailment with at least 30 minutes advance notice of the start-time for the curtailment. The duration of an Unscheduled Curtailment will be a minimum of one hour and a maximum of four hours. Starting times may occur between 1:00 and 6:00 p.m. Central Daylight Time. Ending times will occur between 2:00 and 7:00 p.m. Central Daylight Time.

⁵ ERCOT's Energy Emergency Alert Matrix can be found by following this link:
<http://www.ercot.com/content/news/presentations/2011/Energy%20Emergency%20Alert%20Communications%20Matrix%20Feb%202011.pdf>

Step 4: Measurement and Verification

TNMP will perform the Verification Process after any curtailment (scheduled or unscheduled) occurs. Demand savings and incentive payment amounts will be based on average actual verified curtailment of curtailable load.

*Steps of the Verification Process*⁶

Following the billing period during which all curtailment has occurred, the interval data will be accessed by the TNMP 2014 LM SOP program manager (or designee) to verify actual kW demand savings.

TNMP will review usage data for each project site, and will establish the baseline for each curtailment event using a combination of data from the day of curtailment and the four prior weekdays as appropriate, as follows:

- a. For the day of the curtailment, the average kW during the one-hour period that begins two hours before the start of the curtailment will be computed.
- b. For the four previous weekdays, the daily averages of the demand recorded throughout the same time period as the curtailment will be computed.
- c. The average of these five daily average demand values shall establish the baseline for each customer for each curtailment.⁷

EXAMPLE: Assume a 2009 program year curtailment had occurred on Friday, July 17, 2009, from 4:00 to 6:00 p.m. The first step in calculating the Baseline is to average the four 15-minute kW readings between 2:00 and 3:00 p.m. that day. Then, the average kW demand during the same time period as the curtailment period (in this case, 4:00 to 6:00 p.m.) will be computed for each of the previous four weekdays (Monday, July 13 through Thursday, July 16). These five average demand values (from 2:00 – 3:00 p.m. the day of curtailment and 4:00 – 6:00 p.m. on the other four days) are averaged together to establish the Baseline.

2. Curtailment Demand Savings: The average kW throughout the curtailment period is subtracted from the Baseline to determine the Demand Savings for that curtailment event.
3. Demand Savings used to calculate the Incentive Payment will be based on the results of all Curtailment(s) during the summer peak demand period.
4. TNMP fully expects and intends to call at least one Unscheduled Curtailment each year. However, in the event no unscheduled curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the yearly Scheduled Curtailment.

⁶ National standards for Load Management M&V programs are currently under development and are expected to be proposed for national adoption in the future, potentially altering the methodology presented here.

⁷ Where conditions warrant, TNMP may modify the baseline method to establish a more reasonable estimate of the customers' usage absent curtailment. However, such adjustments will not be made to reduce estimated delivery; rather, the baseline method provides a lower bound. Adjustments will be made when it can be clearly demonstrated that consumption in one or more of the intervals used to establish the baseline are not representative of what the customer would have been using during the event period had they not curtailed.

The following representative IDR excerpt demonstrates how the data may appear in the M&V calculation, using the curtailment event discussed in the previous example.

Date	Time	"kW- qt" (Avg. kW over quarter hour)		
07/17/2009	14:15	1419.1		Average: 1,414 kW For Daily baseline
07/17/2009	14:30	1419.9		
07/17/2009	14:45	1406.3		
07/17/2009	15:00	1408.7		
07/17/2009	15:15	1410.0		Not used in calculation
07/17/2009	15:30	1401.5		
07/17/2009	15:45	1397.4		
07/17/2009	16:00	1343.4		
07/17/2009	16:15	1108.0		Curtailment kW: 1,136 kW
07/17/2009	16:30	1106.7		
07/17/2009	16:45	1197.1		
07/17/2009	17:00	1120.5		
07/17/2009	18:00	1165.2		
07/17/2009	18:15	1163.2		
07/17/2009	18:30	1119.4		
07/17/2009	18:45	1105.5		

The Curtailment kW is the average kW from 4:00 - 6:00 p.m., 1,136 kW, while the Baseline is an average of five periods to assure a reasonable baseline level. The "hour beginning two hours prior" average is used in this computation for the day of curtailment. On the four prior business days, the same period as the July 17 Curtailment Period (4:00 - 6:00 p.m.) is used in the Baseline average. This is done so that weather and schedule-sensitive loads are captured as accurately as possible.

The average kW demand for each of the five days is then averaged to set the Baseline, as shown below. The Curtailment kW (the average of the demand during throughout the curtailment period) is subtracted from the Baseline kW to determine Demand Savings. When completed, these calculations form the basis for the Incentive Payments discussed in Step Five.

Day	Baseline Period kW	-	Curtailment kW	=	Verified Demand Savings
July 17 (curtailment)	1,414 (2-3 pm)		1,136 (4-6 pm)		
July 16	1,513 (4-6 pm)				
July 15	1,495 (4-6 pm)				
July 14	1,567 (4-6 pm)				
July 13	1,533 (4-6 pm)				
CALCULATION:	1,504 (Baseline)	-	1,136 (Curtailment)	=	368 kW Demand Savings

Step 5: Incentive Budget and Payments

TNMP will pay Project Sponsors the Incentive Payment in a single lump sum installment by November 15, 2014. In the event a Project Sponsor fails materially to produce the demand savings as proposed in its Application, TNMP reserves the right to decline to make any incentive payment and to terminate the Standard Offer Contract. Failure by Project Sponsor to deliver any required notice, submittal, or material within the applicable period specified in the Agreement shall be deemed a material breach of the Agreement.

Available Budget

The TNMP 2014 LM SOP has a goal of achieving 3 MW of peak demand savings, and as such has an incentive budget of \$. TNMP retains the right to increase this budget in the case that it receives sufficient eligible applications to exceed this goal.

Incentive Payment

For each project site, TNMP will not be obligated to pay the Project Sponsor for verified demand savings that exceed the amount of estimated demand savings proposed in the Project Sponsor's Application, although at TNMP's sole discretion and provided funds are available, TNMP may elect to include additional incentive for over-performance.

TNMP will make the Incentive Payment by November 15th, at the conclusion of the Performance Period and after TNMP's approval of the interval data for the agreement year. The amount of the Incentive Payment shall be calculated using the following formula:

Incentive Payment (\$) =	Total Program Incentive Rate (\$50/kW)	*	Average of all curtailments
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TNMP fully expects and intends to call at least one unscheduled curtailment each year. However, in the event no unscheduled curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the yearly scheduled curtailment.

Payments for Curtailment in Excess of Committed Amount

At the end of the program year, TNMP will determine whether it has expended its entire program budget based on making the Incentive Payment to all participating customers for delivered demand reductions up to the contracted amount for that program year. If there is budget left over, and if one or more project sponsors have delivered demand reductions in excess of their curtailable load commitments, TNMP may opt to provide bonus payments to those project sponsors.

Appendices

Appendix A: APPLICATION PACKAGE (see Step 1)

Appendix B: Standard Offer Contract (see Step 2)

Attachment 1: Contract Cover Sheet

Attachment 2: Compensation Schedule

Attachment 3: Scope of Work

Attachment 4: General Conditions

Attachment 5: IRS W-9 Taxpayer ID

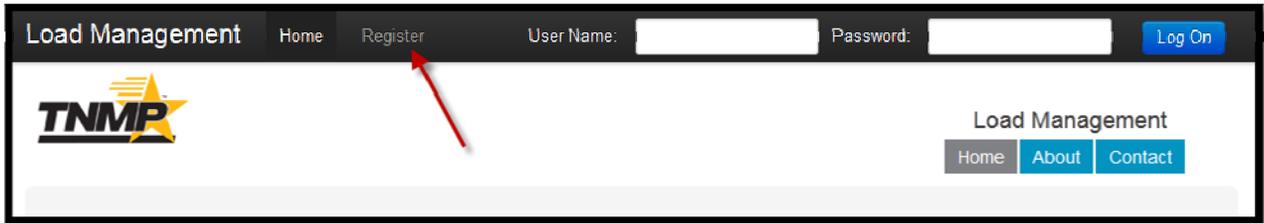
Appendix A: Application Process

The TNMP 2014 LM SOP program will be administered through an online program tracking system. Application to participate in the program requires registration and the creation of a user name and password, provision of a unique company identifier (such as your company's Tax ID number), and provision of project sponsor and project site information.

To apply for project sponsor status in the 2014 peak load management program, visit the program website (located at <http://ecurtail.com/tnmp>). What follows are examples of the forms that must be filled out for an application to be considered complete and ready for review by TNMP's program managers.

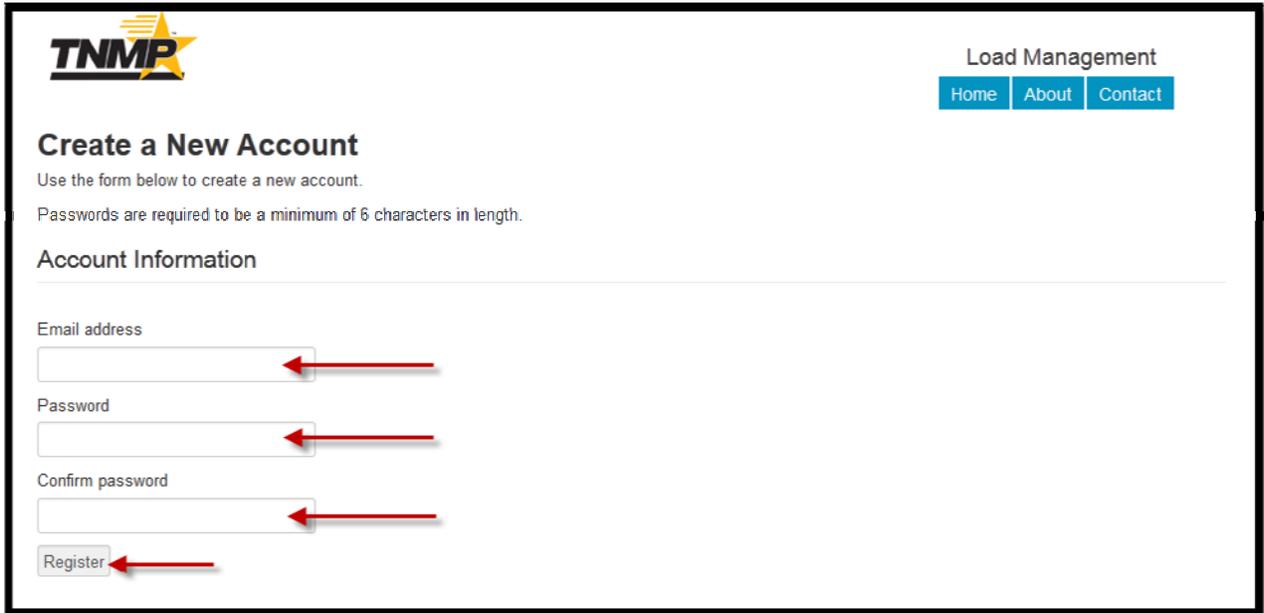
Project Sponsor Profile

Step 1: New User Registers



The screenshot shows the top navigation bar of the TNMP website. On the left is the TNMP logo. To its right are links for 'Home' and 'Register'. Further right are input fields for 'User Name:' and 'Password:', followed by a 'Log On' button. A red arrow points to the 'Register' link. On the right side of the page, there is another set of navigation links: 'Home', 'About', and 'Contact', with 'Load Management' text above them.

Step 2: Fill In User Account Details



The screenshot displays the 'Create a New Account' page. At the top left is the TNMP logo, and at the top right are the 'Load Management' header and 'Home', 'About', and 'Contact' links. The main heading is 'Create a New Account', followed by the instruction: 'Use the form below to create a new account. Passwords are required to be a minimum of 6 characters in length.' Below this is the 'Account Information' section, which contains three input fields: 'Email address', 'Password', and 'Confirm password'. A 'Register' button is located at the bottom of the form. Red arrows point to each of these four elements: the three input fields and the 'Register' button.

Step 3: Create Profile



The screenshot shows a single blue button with the text 'Click here to create your profile'. A red arrow points to the button.

Load Management Home Account Log Off

TNMP Load Management
Home Profile

Create Profile

Company Info

Contact Name

Company Name

TaxID

Please Choose All That Apply:
 Minority Owned Woman Owned Veteran Owned
 Management Plan

Business Description

Contact Info

Street Address

Street Address (cont)

City State Zip

Phone : - - x:

Cell : - - x:

Fax : - - x:

Email

[Create](#) ←

Step 3: Update Profile

Load Management Home Account Search by Site Name Log Off

TNMP Load Management - Sponsor
Home Profile Sites Contacts Reports Documents

Home



Project Site Information

Step 1: Create New Site or Copy Existing Site

The screenshot shows the TNMP Load Management web application interface. At the top, there is a navigation bar with 'Load Management', 'Home', and 'Account' links. A search bar labeled 'Search by Site Name' and a 'Log Off' button are also present. The TNMP logo is on the left. A secondary navigation bar includes 'Home', 'Profile', 'Sites', 'Contacts', 'Reports', and 'Documents'. A red arrow points to the 'Sites' link. Below this is a 'Home' button. The main content area is titled 'Sites' and features a '[+] Filters' section. A 'Site' dropdown menu is set to 'Site'. Below that is a 'Batch Actions' dropdown menu. A table lists site details with columns for Id, Name, Program, Address, Esi ID, Proposed Curtailment, Approved Curtailment, Status, and an edit link. The table contains 7 rows of data. At the bottom of the table, there is a pagination bar showing 'Page 1 of 7' and 'Displaying 1 to 30 of 196 items'. Below the table are two buttons: 'Copy Site' and 'Add New Site', both with red arrows pointing to them.

Id	Name	Program	Address	Esi ID	Proposed Curtailment	Approved Curtailment	Status	
143	Random Site 143	2012	123 Address Rd Anywhere, TX 75808	1234567890123456789012	725.00		Rejected	edit
144	Random Site 144	2012	123 Address Rd CityVille, TX 71957	1234567890123456789012	700.00		Rejected	edit
145	Random Site 145	2012	123 Address Rd CityVille, TX 44448	1234567890123456789012	500.00		Rejected	edit
146	Random Site 146	2012	123 Address Rd Somewhere, TX 95906	1234567890123456789012	425.00	425.00	Approved	edit
147	Random Site 147	2012	123 Address Rd Anywhere, TX 44690	1234567890123456789012	200.00		Rejected	edit
148	Random Site 148	2012	123 Address Rd CityVille, TX 27892	1234567890123456789012	200.00		Rejected	edit
149	Random Site 149	2012	123 Address Rd CityVille, TX 86756	1234567890123456789012	100.00		Rejected	edit

Step 2: Fill In Site Details and Save

The screenshot shows the site details form. It includes input fields for 'Avg. Peak kW' and 'Proposed kW To Curtail', both with red asterisks indicating required fields. To the right, there is an 'Email:' section with 'Add New Contact' and 'Select Existing Contact' buttons. At the bottom left, there is a 'Save' button with a red arrow pointing to it.

Appendix B: Standard Offer Contract

(Refer to Step Two, Program Manual)

- Attachment 1: Contract Cover Sheet
- Attachment 2: Compensation Schedule
- Attachment 3: Scope of Work
- Attachment 4: General Conditions
- Attachment 5: IRS W-9 Taxpayer ID

Note to Proposers: This Standard Offer Contract is generally consistent with TNMP and Public Utility Commission of Texas (PUCT) standards for the State of Texas energy efficiency Standard Offer Programs. Successful Project Sponsors will be required to execute all documents in order to participate in the TNMP 2014 LM SOP. Because this is a Standard Offer Program similar to that offered by other utilities, the Terms and Conditions are essentially non-negotiable unless it is demonstrated to TNMP's satisfaction that the conditions are unique and thus require and deserve special conditions. To facilitate the process of selecting and qualifying candidates, it is recommended that your company initiate a legal review of these documents when you are considering your submission.

ATTACHMENT 1: CONTRACT COVER SHEET

Agreement Date: <insert date>
Current Date: <insert date>

Contract Number: <insert number>

LOAD MANAGEMENT CONTRACT BETWEEN TEXAS-NEW MEXICO POWER AND
 <insert company name>

TNMP 577 N. Garden Ridge Blvd. Lewisville, TX 75067	ABC COMPANY, INC. 123 Alphabet Street City, State Zip
Direct All Correspondence To: Stefani Case Phone: 214-222-4174 Email: Stefani.Case@tnmp.com	Direct All Correspondence To: Contact Person Phone: 123-456-7890 Email: contactperson@abccompanyinc.com

Valid From: June 1, 2014
Valid End: September 30, 2014
Target Value: <insert curtailment load> kW

Payment Terms: Due by November 15, 2014

This Contract is entered into by and between Texas-New Mexico Power Company (TNMP) and <insert company name> (“Project Sponsor”), to provide miscellaneous goods and services connected with the 2014 TNMP Load Management Program, all in accordance with the following:

- Attachment 2: Compensation Schedule
- Attachment 3: Scope of Work
- Attachment 4: Terms and Conditions of Services
- Attachment 5: W-9
- Attachment 6: Curtailment and Dispatch Procedures

Notice to Project Sponsor

The Target Value listed above represents an estimated amount. TNMP does not represent, warrant, or guarantee that this value, or any other value, will be reached under this Contract. Project Sponsor shall only be paid for those goods and services actually rendered and accepted in accordance with the above noted attachments.

Nothing herein shall limit or otherwise restrict TNMP from procuring like or similar services from other vendors, without notice to or approval of Project Sponsor.

 Authorized Signature – TNMP
 Stacy Whitehurst, VP TNMP Regulatory Affairs

 Authorized Signature

THE TERMS OF THIS CONTRACT ARE SUBJECT TO THE CONDITIONS ATTACHED.



ATTACHMENT 2: COMPENSATION SCHEDULE

Project Sponsors will be paid based on the procedures outlined in Step Four (Measurement and Verification) and Step Five (Incentive Payments) of the Program Manual, as set forth below.

TNMP will perform the Verification Process after any month during which a curtailment (scheduled or unscheduled) occurs. Demand savings and incentive payment amounts will be based on average actual verified curtailment of curtailable load.

Steps of the Verification Process

Following the period during which a curtailment has occurred, the interval data will be accessed by the TNMP 2014 LM SOP program manager (or designee) to verify actual kW demand savings. The file will be provided by the TNMP billing department in a text format showing the month, day, time, demand (kW) and consumption (kWh) for each of the 96 15-minute demand intervals for the following days: the day of the curtailment, and the four previous business days.

1. TNMP will review the file for the appropriate project using the customer ESI ID.
2. Baseline: TNMP will establish the baseline for each curtailment by using a combination of data from the day of curtailment and the four prior weekdays, as follows:
 - a. For the day of the curtailment, the average kW during the one-hour period that begins two hours before the start of the curtailment will be computed.
 - b. For the four previous weekdays, the daily averages of the demand recorded throughout the same time period as the curtailment will be computed.
 - c. The average of these five daily average demand values shall establish the baseline for each customer shall establish the baseline for each curtailment.

EXAMPLE: Assume a curtailment had occurred on Friday, July 17, 2009, from 4:00 to 6:00 p.m. The first step in calculating the Baseline is to average the four 15-minute kW readings between 2:00 and 3:00 p.m. that day. Then, the average kW demand during the same time period as the curtailment period (in this case, 4:00 to 6:00 p.m.) will be computed for each of the previous four weekdays (Monday, July 13 through Thursday, July 16). These five average demand values (from 2:00 – 3:00 p.m. the day of curtailment and 4:00 – 6:00 p.m. on the other four days) are averaged together to establish the Baseline.

1. Curtailment Demand Savings: The average kW throughout the curtailment period is subtracted from the Baseline to determine the Demand Savings for that curtailment event.
2. Demand Savings used to calculate the Incentive Payment will be based on the results of all Curtailment(s) during the summer peak demand period.
3. TNMP fully expects and intends to call at least one unscheduled curtailment each year. However, in the event no unscheduled curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the yearly scheduled curtailment.

The following representative IDR excerpt demonstrates how the data may appear in the M&V calculation, using the curtailment event discussed in the previous example.

Date	Time	"kW- qt" (Avg. kW over quarter hour)		
07/17/2009	14:15	1419.1		Average: 1,414 kW For Daily baseline
07/17/2009	14:30	1419.9		
07/17/2009	14:45	1406.3		
07/17/2009	15:00	1408.7		
07/17/2009	15:15	1410.0		Not used in calculation
07/17/2009	15:30	1401.5		
07/17/2009	15:45	1397.4		
07/17/2009	16:00	1343.4		
07/17/2009	16:15	1108.0		Curtailment: 1,136 kW
07/17/2009	16:30	1106.7		
07/17/2009	16:45	1197.1		
07/17/2009	17:00	1120.5		
07/17/2009	18:00	1165.2		
07/17/2009	18:15	1163.2		
07/17/2009	18:30	1119.4		
07/17/2009	18:45	1105.5		

The Curtailment kW is the average kW from 4:00 - 6:00 p.m., 1,136 kW, while the Baseline is an average of five periods to assure a reasonable baseline level. The "two-hour prior" average is used in this computation for the day of curtailment. On the four prior business days, the same period as the July 17 Curtailment Period (4:00 - 6:00 p.m.) is used in the Baseline average. This is done so that weather and schedule-sensitive loads are captured as accurately as possible.

The average kW demand for each of the five days is then averaged to set the Baseline, as shown below. The Curtailment kW (the average of the demand during throughout the curtailment period) is subtracted from the Baseline kW to determine Demand Savings. When completed, these calculations form the basis for the Incentive Payments discussed in Step Five.

Day	Baseline Period kW	-	Curtailment kW	=	Verified Demand
July 17 (curtailment)	1,414 (2-3 pm)		1,136 (4-6 pm)		
July 16	1,513 (4-6 pm)				
July 15	1,495 (4-6 pm)				
July 14	1,567 (4-6 pm)				
July 13	1,533 (4-6 pm)				
CALCULATION:	1,504 (Baseline)	-	1,136 (Curtailment)	=	368 kW Demand Savings

Payment Procedures:

TNMP will pay Project Sponsors one payment for the average curtailments: (1) the Scheduled Curtailment and (2) any Unscheduled Curtailments. In the event a Project Sponsor fails materially to produce the demand savings as proposed in its Application, TNMP reserves the right to decline to make any further incentive payments and to terminate the Standard Offer Contract. TNMP's payment of Incentive Payment(s) to Project Sponsor is expressly and specifically conditioned upon TNMP receiving all required

notices, submittals and materials from Project Sponsor within the applicable period specified in the Agreement. Failure by Project Sponsor to deliver any required notice, submittal, or material within the applicable period specified in the Agreement shall be deemed a material breach of the Agreement.

Available Budget

The TNMP 2014 LM SOP is projected and planned to be a multi-year program, dependent on future changes in Public Utility Commission of Texas (PUCT) regulations and rulings. The incentive budget for 2014 is \$ (3 MW at \$50/kW). TNMP retains the right to increase this budget in the case that it receives sufficient eligible applications to exceed this goal.

Incentive Payment

The total payment includes the Performance Incentive and the Scheduled Curtailment. For each project site, TNMP will not be obligated to pay the Project Sponsor for verified demand savings that exceed the amount of proposed demand savings approved on the Project Sponsor's contract, although at TNMP's sole discretion and provided funds are available, TNMP may elect to include additional incentive for over-performance.

TNMP will make the Incentive Payment by November 15th, at the conclusion of the Performance Period and after TNMP's approval of the interval data for the agreement year. The amount of the Incentive Payment shall be calculated using the following formula:

Incentive Payment (\$) =	Total Program Incentive Rate (\$50/kW)	*	Average of all curtailments
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TNMP fully expects and intends to call at least one unscheduled curtailment each year. However, in the event no unscheduled curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the yearly scheduled curtailment.

LIMITATIONS TO THE COMPENSATION SCHEDULE

1. Notwithstanding anything to the contrary, TNMP may, in its sole discretion, revise the calculation of the Incentive Payment to allow payment to Project Sponsor for an amount of peak demand reduction that exceeds the amount of Estimated Demand Savings and is less than or equal to the amount of Demand Savings.
2. TNMP's payment of Incentive Payment to Project Sponsor is expressly and specifically conditioned upon TNMP receiving all required notices, submittals and materials from Project Sponsor within the applicable period specified in this Agreement. Failure by Project Sponsor to deliver any required notice, submittal, or material within the applicable period specified in this Agreement shall be deemed a material breach of this Agreement.

ATTACHMENT 3: SCOPE OF WORK

The Project Sponsor's Application, certifications, and the Program Manual are incorporated by reference and is hereby made a part of the Standard Offer Contract.

ATTACHMENT 4: GENERAL TERMS AND CONDITIONS FOR SERVICES

1.0 DEFINITIONS

The following definitions shall apply to the Contract, all Contract Documents and Amendments thereto and to related correspondence. A word or expression defined in this Contract containing capital letter(s) shall be identified, in any section of this Contract where the whole text is printed in block capitals, or by such word or expression being underlined and/or printed in a more prominent typeface.

1.1 “Acceptance” shall mean the official written notification of acceptance of the Work to Project Sponsor from the authorized representative of TNMP following satisfactory completion of the Work in accordance with the Contract.

1.2 “Affiliate” shall mean (A) a person who directly or indirectly owns or holds at least 5.0 percent of the voting securities of an energy efficiency service provider; (B) a person in a chain of successive ownership of at least 5.0 percent of the voting securities of an energy efficiency service provider; (C) a corporation that has at least 5.0 percent of its voting securities owned or controlled, directly or indirectly, by an energy efficiency service provider; (D) a corporation that has at least 5.0 percent of its voting securities owned or controlled, directly or indirectly, by: (i) a person who directly or indirectly owns or controls at least 5.0 percent of the voting securities of an energy efficiency service provider; or (ii) a person in a chain of successive ownership of at least 5.0 percent of the voting securities of an energy efficiency service provider; or (E) a person who is an officer or director of an energy efficiency service provider or of a corporation in a chain of successive ownership of at least 5.0 percent of the voting securities of an energy efficiency service provider; (F) a person who actually exercises substantial influence or control over the policies and actions of an energy efficiency service provider; (G) a person over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph; (H) a person who exercises common control over an energy efficiency service provider, where "exercising common control over an energy efficiency service provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of an energy efficiency service provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or (I) a person who, together with one or more persons with whom the person is related by ownership, marriage or blood relationship, or by action in concert, actually exercises substantial influence over the policies and actions of an energy efficiency service provider even though neither person may qualify as an affiliate individually.

1.3 “Baseline Demand Usage” shall mean the amount of demand in the period(s) determined by TNMP to be the baseline for comparison to Curtailment Demand Usage to calculate Demand Savings. Baseline Demand Usage shall be calculated by averaging the one-hour period on the day of curtailment which began two hours prior to the start of a curtailment, with the same period as the curtailment for each of the four previous business days (weekdays, excluding federal holidays).

1.4 “TNMP” shall mean TNMP or any of its representatives, successors, or assigns.

1.5 “Commercial Customer” shall mean a non-residential customer taking service at a metered point of delivery at a distribution voltage under an electric utility’s tariff during the prior calendar year and a non-profit customer or government entity, including an educational institution. For purposes of this section, each metered point of delivery shall be considered a separate customer.

1.6 “Competitive Energy Efficiency Services” shall mean energy efficiency services that are defined as competitive under §25.341 of this title (relating to Definitions).

1.7 “Contract” or “Agreement” shall mean, collectively, the entire agreement between TNMP and Project Sponsor, the terms and conditions incorporated therein and other documents, if any, which are by reference made a part of the Contract and providing for signature of a duly authorized representative of each party thereto.

1.8 “Contract Administrator” shall mean TNMP’s duly authorized agent who shall initiate and administer all contract activities related to the contractual terms and conditions.

1.9 “Contract Documents” or “Agreement Documents” shall mean 1) Project Sponsor’s approved application (“Application”) and Application Agreement, attached hereto as Attachment A and incorporated by reference herein, 2) the SOP Manual (“SOP Manual”), which is incorporated by reference herein, and 3) this Contract together with any and all other exhibits, addenda, or amendments referenced in the Agreement Documents or made a part thereof in accordance with this Agreement.

1.10 “Contract Supplement” shall mean the written instrument describing additions, changes or deletions to Project Sponsor’s scope of work as defined by the Contract Documents, or in the time of performance of the Contract (or any other change desired by TNMP) authorized and executed by duly authorized representatives of the parties hereto with the same formality as this Contract.

1.11 “Curtable Load” shall mean the equipment, material, or systems at a Project Site that is identified in the application as load that will be interrupted at the request of TNMP pursuant to the SOP.

1.12 “Curtailement” shall mean shutting down the operation of Curtable Load at the request of TNMP pursuant to the SOP.

1.13 “Curtailement Demand Usage” shall mean the average demand that occurs during the period of a Curtailement.

1.14 “Customer Agreement” shall mean the agreement between Customer and the Project Sponsor that specifies the rights and obligations of each party with respect to the installation of the Measures and other related and/or unrelated matters at the Project Site.

1.15 “Demand” shall mean the rate at which electric energy is used at a given instant, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

1.16 “Demand Savings” shall mean a quantifiable reduction in demand.

1.17 “Eligible Customers” shall mean residential and commercial customers. In addition, to the extent that they meet the criteria for participation in load management standard offer

programs developed for industrial customers and implemented prior to May 1, 2007, industrial customers are eligible customers solely for the purpose of participating in such programs.

1.18 “Energy Efficiency” shall mean improvements in the use of electricity that are achieved through facility or equipment improvements, devices, or processes that produce reductions in demand or energy consumption with the same or higher level of end-use service and that do not materially degrade existing levels of comfort, convenience, and productivity.

1.19 “Energy Efficiency Measures” shall mean equipment, materials, and practices at a customer’s site that result in a reduction in electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kW), or both. These measures may include thermal energy storage and removal of an inefficient appliance so long as the customer need satisfied by the appliance is still met.

1.20 “Energy Efficiency Program” shall mean the aggregate of the energy efficiency activities carried out by an electric utility under this section or a set of energy efficiency projects carried out by an electric utility under the same name and operating rules.

1.21 “Energy Efficiency Project” shall mean an energy efficiency measure or combination of measures undertaken in accordance with a standard offer or market transformation program.

1.22 “Energy Efficiency Service Provider” shall mean a person who installs energy efficiency measures or performs other energy efficiency services under this section. An energy efficiency service provider may be a retail electric provider or commercial customer.

1.23 “Energy Savings” shall mean a quantifiable reduction in a customer's consumption of energy.

1.24 “Estimated Demand Savings” shall mean: 1) the amount of demand that Project Sponsor proposes in the Application to save in a one-hour period during Summer Peak Demand Hours through Curtailments that are implemented pursuant to the SOP and that TNMP approves after review of the Application and receipt of all Customer Agreements, or 2) the amount of approved Unscheduled Curtailment Demand Savings from the Scheduled Curtailment that occurs in the first year of the Project, whichever is less.

1.25 “Governmental Authority” shall mean any federal, state, local or municipal governmental body or agency or subdivision thereof, including, but not limited to, any legislative or judicial body, having appropriate jurisdiction to exercise authority or control over TNMP, its parent corporation, or any part or all of the Work to be performed under this Contract.

1.26 “Growth in Demand” shall mean the annual increase in demand in the Texas portion of an electric utility's service area at time of peak demand, as measured in accordance with this section.

1.27 “IDR” shall mean Interval Data Recorder.

1.28 “Incentive Budget” shall mean the amount of money budgeted by TNMP for the SOP in each year of the Project.

1.29 “Incentive Payment” shall mean payment made by a utility to an energy efficiency service provider under an energy-efficiency program.

1.30 “Inspection” shall mean examination of a project to verify that an energy efficiency measure has been installed, is capable of performing its intended function, and is producing an energy saving or demand reduction.

1.31 “Load Control” shall mean activities that place the operation of electricity-consuming equipment under the control or dispatch of an energy efficiency service provider, an independent system operator or other transmission organization or that are controlled by the customer, with the objective of producing energy or demand savings.

1.32 “Load Management” shall mean load control activities that result in a reduction in peak demand on an electric utility system or a shifting of energy usage from a peak to an off-peak period or from high-price periods to lower price periods.

1.33 “Measurement and Verification” shall mean activities intended to determine the actual energy and demand savings resulting from energy efficiency projects as described in this section.

1.34 “Off-peak Period” shall mean the period during which the demand on an electric utility system is not at or near its maximum. For the purpose of this section, the off-peak period includes all hours that are not in the peak period.

1.35 “Peak Demand” shall mean electrical demand at the times of highest annual demand on the utility's system.

1.36 “Peak Demand Reduction” shall mean reduction in demand on the utility system during the utility system's peak period.

1.37 “Peak Period,” for purposes of the load management program, shall mean the hours from one p.m. to seven p.m., during the months of June, July, August, and September, excluding weekends and Federal holidays.

1.38 “Performance Period” shall mean the period from June 1 through September 30 of each year of the Project.

1.39 “Incentive Payment” shall mean the payment made by TNMP to Project Sponsor for Scheduled and Unscheduled Curtailment Demand Savings, as calculated pursuant to the Compensation Schedule.

1.40 “Project Sponsor” shall mean the party who is the provider of the energy efficiency services being purchased under this Contract and who is entering into this Contract with TNMP.

1.42 “Program Manager” shall mean TNMP’s designee who shall manage and coordinate the work activities furnished under this Contract.

1.43 “Notice” shall mean any formal written correspondence providing notice of action, purpose, intent or the like given under the provisions of this Contract.

1.44 “Peak Demand Savings” shall mean the Peak Demand Reduction as calculated pursuant to the Compensation Schedule.

1.45 “Personnel” shall mean Project Sponsor's employees or subcontractor employees performing Work under this Contract.

1.46 “Project Site” shall mean the location of a Customer’s Curtailable Load, as identified in the Application. For the purposes of this Agreement, multiple facilities representing Curtailable Load may be combined into one Project Site as long as they are connected to a single IDR or advanced meter.

1.47 “Project Sponsor Contact Telephone Number” shall be the telephone number identified in the Application as the telephone number that TNMP will call to notify Project Sponsor of a required Curtailment.

1.48 “PUCT” shall mean the Public Utility Commission of Texas.

1.49 “Scheduled Curtailment” shall mean a Curtailment that is pre-scheduled by TNMP to occur at the beginning of the Performance Period in every year of the Project.

1.50 “Scheduled Curtailment Demand Savings” shall mean the difference between the Baseline Demand Usage for a Scheduled Curtailment and the Curtailment Demand Usage for the same Scheduled Curtailment.

1.51 “Specifications” shall mean collectively, all technical descriptions and data referenced in the Contract, and such amendments, revisions, deductions or additions as may be made and all written agreements made or to be made, pertaining to the processes, workmanship, products and quantities and qualities of the materials to be furnished under this Contract.

1.52 “Standard Offer Contract” shall mean a contract between an energy efficiency service provider and a participating utility specifying standard payments based upon the amount of energy and peak demand savings achieved through the installation of energy efficiency measures at electric customer sites, the measurement and verification protocols, and other terms and conditions, consistent with this section.

1.53 “Standard Offer Program” shall mean a program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

1.54 “Subcontractor” shall mean any person, firm, partnership, association, joint venture, company, corporation or other entity, regardless of tier, engaged by Project Sponsor to provide any part of the Work under this Contract.

1.55 “Unscheduled Curtailment” shall mean a Curtailment that is requested by TNMP in response to a notification by the Electric Reliability Council of Texas (ERCOT) that ERCOT has reached EEA 2.

1.56 “Work” shall mean any and all labor, evaluations, reports and services, including all equipment, material, duties and obligations that are the responsibility of Project Sponsor under this Contract.

2.0 CONTRACT DOCUMENTS

2.1 The Contract Documents consist of the Contract Cover Sheet, the Compensation Schedule, the Scope of Work, these Terms and Conditions for Services, the SOP Manual, and all other exhibits, addenda, drawings, Specifications, Applications and any Contract Supplements issued subsequently.

2.2 The Contract Documents are intended to be complementary and what is set forth in any one document is as binding as if set forth in each document. In the event there are any

conflicting provisions or requirements in the Contract Documents, the provisions and requirements thereof shall take the following order priority:

1. Contract Supplements
2. Compensation Schedule
3. Scope of Work
4. SOP Manual
5. Terms and Conditions for Services
6. Application
7. Contract Signature Page
8. Supplier Diversity Documents

TNMP assumes no responsibility for bidding errors or omissions caused by failure of Project Sponsor or any of its Subcontractors to inspect and familiarize themselves with the complete set of Contract Documents.

3.0 EFFECT OF HEADINGS

Article headings appearing in this Contract are for convenience and reference only and shall in no way be construed to define, limit or interpret the text hereof.

4.0 APPLICABLE STATE LAW

The rights, obligations and remedies of the parties to this Contract shall be interpreted and governed in all respects by the laws of the State of Texas. Should any provision of this Contract or part thereof, or the application of any provision or part thereof, be judicially determined to be illegal or invalid or otherwise unenforceable, the validity of the remaining provisions or parts thereof and other applications of such provisions or parts thereof shall not be impaired.

5.0 NOTICES AND CORRESPONDENCE

5.1 All Notices or correspondence arising from or pertaining to the legal requirements, terms & conditions or the performance required by this Contract shall be in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following addresses:

(a) To TNMP:

Texas-New Mexico Power Company
Attn: Stefani Case
577 N. Garden Ridge Blvd.
Lewisville, TX 75067

(b) To Project Sponsor: Address stated on the Contract Signature Page.

5.2 All Notices or correspondence to TNMP arising from or pertaining to project administration shall be in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following address:

Texas-New Mexico Power Company
Attn: Stefani Case
577 N. Garden Ridge Blvd.
Lewisville, TX 75067

5.3 Either of the parties may, at any time, change its mail or delivery address by giving the other party ten (10) days prior written Notice.

5.4 The effective date of any written Notice delivered or mailed pursuant to this Contract shall be the date of receipt by the TNMP or Project Sponsor, as applicable, if delivered, or the postmark date if mailed.

6.0 AUTHORIZATION TO COMMENCE WORK

Project Sponsor shall not commence Work until receipt of a signed Contract.

7.0 EQUAL EMPLOYMENT OPPORTUNITY

Project Sponsor represents that it is in compliance with all applicable laws, regulations and orders with respect to equal employment opportunity and either has heretofore provided or will provide to TNMP the certifications and representations regarding equal employment opportunity that TNMP may require under such laws, regulations and orders.

8.0 NON-WAIVER OF RIGHTS

Failure of TNMP to insist upon strict performance of any of the provisions hereof, or its failure or delay in exercising any rights or remedies provided herein or by law, or TNMP's Acceptance of, or use of or payment for the Work, or any part or combination thereof, or any approval of Work by TNMP, or any purported oral modification or rescission of this Contract, or any part hereof, by any employee or other authorized representative of TNMP shall not release Project Sponsor of any of its obligations under this Contract and shall not be deemed as a waiver of any of TNMP's rights to insist upon strict performance hereof or of any of TNMP's rights or remedies under this Contract or by law, and shall not operate as a waiver of any of the provisions hereof.

9.0 REPRESENTATIONS AND WARRANTIES

9.1 By executing this Agreement, Project Sponsor warrants and represents that it is aware of, is in compliance with, and will continue to comply for the term of this Agreement with, all of the Agreement Documents and all applicable laws and regulations related to the SOP.

9.2 Project Sponsor warrants and represents that the Project meets all federal, state, and local regulatory requirements, including:

The Project will result in consistent and predictable peak demand savings over the Agreement year;

The Application disclosed all potential adverse environmental or health effects associated with the Project, if any;

The Project will not result in negative environmental or health effects;

The Project will not result in building vacancies or the re-location of existing operations to a location outside of the area served by TNMP; and

The Project would not have been implemented in the absence of the SOP.

9.3 Project Sponsor acknowledges that it received a copy of the SOP Manual prior to submission of its Application. Project Sponsor warrants and represents that its participation in the SOP has at all times been in compliance with, and will continue to comply for the term of this Agreement with, the procedures and conditions set forth in the SOP Manual and that any failure to comply therewith may be treated as a breach of this Agreement notwithstanding the fact that such failure occurred prior to the execution of this Agreement. Project Sponsor also acknowledges that it meets or exceeds all of the qualifications required to participate in the SOP as described in the SOP Manual and that failure to meet the qualifications therein may be treated as a breach of this Agreement. Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of the parties. Any such Agreement shall be attached hereto and incorporated herein for all purposes.

9.4 Project Sponsor warrants and represents it and its Affiliates may be limited to 40% of the Incentive Budget for any year of the Project.

9.5 Project Sponsor warrants and represents that any relevant Agreement(s) or agreement(s) between a Customer and the Customer's retail electric provider concerning electric service to Curtailable Load do not prohibit or inhibit Curtailments.

9.6 Project Sponsor agrees on and after the Effective Date to use all reasonable efforts to implement the Project without undue delay and otherwise in accordance with the terms of the Agreement Documents.

9.7 The Project will be implemented during calendar year 2008 and beyond if this Agreement is extended by mutual covenant.

9.8 One Scheduled Curtailment shall be required to be implemented by Project Sponsor at each Project Site at the beginning of the Performance Period in each calendar year of the Project. A maximum of four Unscheduled Curtailments shall be required to be implemented by Project Sponsor at each Project Site during Summer Peak Demand Hours of each calendar year of the Project.

All Curtailments shall be implemented at the time and for the duration specified by TNMP.

TNMP must notify Project Sponsor at least 30 minutes prior to the required start-time of any Curtailment by calling the Project Sponsor Contact Telephone Number. A representative of Project Sponsor must be available to personally answer calls made to the Project Sponsor Contact Telephone Number during all Summer Peak Demand Hours.

Project Sponsor may change the Project Sponsor Contact Telephone Number by providing notice to the Program Manager of the new Project Sponsor Contact Telephone Number a minimum of two business days prior to the date that the new Project Sponsor Contact Telephone Number is to become effective. In order for notice of a new Project Sponsor Contact Telephone Number to be valid, Project Sponsor must verify that the TNMP Program Manager has actually received such notice by the above-mentioned deadline.

Project Sponsor represents that the project schedule, (as noted in the Project Authorization Form) and applicable compensation is based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of TNMP. TNMP assumes no responsibility for any understanding or representation made or alleged to have been made by any of its representatives, unless such understandings or representations are expressly and fully stated in this written Contract.

10.0 SAFETY AND HEALTH

10.1 Project Sponsor shall be solely responsible for the safety and health of Project Sponsor's Personnel, its Subcontractors' Personnel, and other persons required in the execution of the Work.

10.2 Project Sponsor shall take all precautions for the safety and health of, and shall provide all protection necessary to prevent damage, injury or loss to all Personnel engaged in the Work and any other persons who may be affected thereby;

11.0 STANDARDS, CODES, LAWS AND REGULATIONS

11.1 Project Sponsor shall comply with all applicable laws, rules, regulations, codes and standards of all federal, state, local and municipal Governmental Authority having jurisdiction over the Work covered by this Contract.

11.2 Project's Sponsor shall indemnify TNMP for loss occasioned by the noncompliance with the authorities listed in Article 11.1 above as set forth in Article 16.2

11.3 Project Sponsor shall secure and pay for all permits, governmental fees and licenses necessary for proper execution and completion of the Work, unless otherwise specified in the Contract Documents.

12.0 INDEPENDENT CONTRACTOR AND SUBCONTRACTOR

12.1 Project Sponsor agrees to perform the Work as an independent contractor and not as a subcontractor, agent or employee of TNMP.

12.2 TNMP shall not be responsible for all acts and omissions of its Personnel and its Subcontractors and Subcontractor's suppliers and their employees and shall be specifically responsible for sufficient and competent supervision and inspection to assure compliance in every respect with Contract requirements.

12.3 There shall be no contractual relationship between TNMP and any of Project Sponsor's subcontractors or suppliers, arising out of or by virtue of this Contract. TNMP shall not be responsible for the payment of any sums to any subcontractor or supplier.

12.4 Project Sponsor shall include in all agreements with Vendors and Subcontractors liability limitation, suspension, termination and attorneys' fees terms at least as favorable to TNMP as those set forth herein. SHOULD **PROJECT SPONSOR** FAIL TO OBTAIN SUCH LIABILITY LIMITATION, TERMINATION, SUSPENSION AND ATTORNEYS' FEES RIGHTS IN VENDOR AND SUBCONTRACTOR AGREEMENTS, **PROJECT SPONSOR** SHALL INDEMNIFY AND HOLD **TNMP** HARMLESS TO THE EXTENT THAT ANY SUBCONTRACTORS OR VENDORS ASSERT CLAIMS OR CAUSES OF ACTION FOR DAMAGES IN EXCESS OF AMOUNTS PERMITTED PURSUANT TO TERMINATION (WITH OR WITHOUT CAUSE) AND/OR SUSPENSION INCLUDING ATTORNEY'S FEES. THIS INDEMNITY PROVISION IS ADDITIONAL TO ANY INDEMNITY OWED BY PROJECT SPONSOR UNDR ARTICLE 16 (AND ITS SUBPARAGRAPHS) BELOW.

13.0 ASSIGNMENT AND SUBCONTRACTING

13.1 Neither this Contract nor the duties to be performed hereunder nor monies to become due hereunder shall be subcontracted, assigned, delegated or otherwise disposed of by Project Sponsor without prior written consent of TNMP.

13.2 Neither permitted assignment of this Contract, nor shall delegation of any duties hereunder, relieve Project Sponsor of any of its obligations hereunder.

13.3 If this Contract should be permitted by TNMP to be assigned by Project Sponsor, it shall be binding upon and shall inure to the benefit of the permitted assignee.

14.0 FORCE MAJEURE

14.1 Performance of this Contract by each party shall be pursued with due diligence in all requirements hereof; however, neither party shall be liable for any loss or damage for delay or for nonperformance due to causes not reasonably within its control, including but not limited to, acts of civil or military authority, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, fires, or floods. In the event of any delay resulting from such causes, the time for performance of each of the parties hereto (including the payment of monies) shall be extended for a period of time reasonably necessary to overcome the effect of such delays. No further modification to other terms and conditions of this Contract shall occur.

14.2 In the event of any delay or nonperformance caused by the above causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and shall indicate whether it is anticipated that any completion dates will be affected thereby

15.0 INSPECTION, TESTING AND ACCEPTANCE

15.1 All Work commenced pursuant to this Contract shall be subject to inspection and verification by the TNMP. TNMP shall be responsible for all costs associated with such inspection and verification.

15.2 Inspection by the TNMP of any Work does not relieve Project Sponsor from any responsibility regarding defects or other failures to meet the Contract requirements.

16.0 INDEMNITY

16.1 General Liability; Indemnification. To the fullest extent permitted by law, Project Sponsor shall indemnify, defend and hold harmless TNMP, and its Affiliates and their respective directors, officers, employees, representatives, agents, advisors, consultants and counsel from and against any and all damages, losses, claims, obligations, demands, assessments, penalties, liabilities, costs, and expenses (including attorney fees and expenses) (“**Damages**”), arising out of or resulting from performance of the Services or this Agreement, but only to the extent that the Damages are caused by, or arise out of, the acts or omissions of Project Sponsor, any subcontractor of Project Sponsor, anyone directly or indirectly employed or retained by them, or anyone for whose acts they may be liable. For purposes of this Agreement, “**Affiliate**” of a Party means any other person that, directly or indirectly, controls, is controlled by, or is under common control with such Party and any person in which a Party has an ownership interest and to which the Party or an Affiliate of the Party provides services. For the purposes of this definition, control means the power to direct the management or policies directly or indirectly whether

16.2 Compliance with Laws. Project Sponsor shall comply with all Applicable Laws. Project Sponsor shall indemnify, defend, and hold harmless TNMP and its Affiliates and their respective directors, officers, employees, representatives, agents, advisors, consultants and counsel from and against any and all Damages asserted or awarded against or incurred by such indemnities arising out of, resulting from or relating to the violation by Project Sponsor of any Applicable Laws.

16.3 Intellectual Property Rights Infringement Indemnity. Project Sponsor warrants that none of the Services, or the results thereof, performed by Project Sponsor, or any subcontractor, or the documents, drawings, goods or equipment produced, designed, fabricated, delivered or assembled by Project Sponsor, or any subcontractor, pursuant to this Agreement, infringe upon or violate any patent, copyright, trade secret, or any other intellectual or property rights of any third party. If any third party makes a claim or commences a proceeding against TNMP or any of its Affiliates alleging such an infringement or violation, Project Sponsor shall indemnify, defend and hold harmless TNMP and its Affiliates and their respective directors, officers, employees, representatives, agents, advisors, consultants and counsel from and against any and all Damages asserted or awarded against or incurred by such indemnities. TNMP will notify Project Sponsor if any such claim is made or proceeding is commenced. TNMP may, at its option, be represented by separate legal counsel in any claim or proceeding. Project Sponsor shall reimburse TNMP the costs and expenses incurred by TNMP in being so represented, including reasonable attorney fees. If the use of any of the Services, or the results of such Services, or documents, goods, or equipment, or any part thereof, furnished under this Agreement is held in any such claim or proceeding to constitute an infringement and/or is enjoined, whether temporarily or permanently, Project Sponsor shall, at its sole cost and expense, either:

- (a) procure for TNMP the right to use the results of such Services or such documents, goods and equipment; or
- (b) replace the results of such Services or such documents, goods, or equipment with non-infringing results, documents, goods or equipment having the equivalent functionality as the infringing or allegedly infringing results, documents, goods or equipment; or

- (c) modify the results of such Services or such documents, goods, or equipment so as to make them non-infringing, but equivalent in functionality.

16.3.1 Best Efforts. Project Sponsor shall use its best efforts to obtain for the benefit of TNMP identical intellectual property rights indemnification protection in all subcontracts, purchase orders, and other agreements entered into under this Agreement. The requirements of this **Section 16.3.1** are not intended to abridge, abrogate, amend, or otherwise affect Project Sponsor's obligations under **Section 16.3 "Intellectual Property Rights Infringement Indemnity"** through the ownership of voting securities, by contract, or otherwise.

17.0 TERMINATION FOR CAUSE OR CONVENIENCE

17.1 Either party shall have the right to terminate this Contract in whole or in part at any time by written Notice to the other party. Any such written Notice shall specify the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.

17.2 In the event of termination by TNMP as provided herein, TNMP shall compensate Project Sponsor for any and all Work approved in writing. TNMP shall not be required to compensate Project Sponsor for expenses connected with preparation of an Initial or Final Application, or any other cost not directly approved by in writing.

17.3 In the event of termination, those provisions of this Contract that by their nature continue beyond the Termination of this Contract shall remain in full force and effect after such termination.

17.4 The rights and remedies of TNMP provided in this Article 17.0 are not exclusive and are in addition to any other rights and remedies provided under this Contract, or at law, or in equity.

18.0 COMPLETE AGREEMENT

This Contract is intended as the exclusive statement of the agreement between the parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract, and recourse shall not be had to allege prior dealings, usage of trade, course of dealing, or course of performance to vary or contradict the express terms of this Contract. This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by duly authorized representatives.

ATTACHMENT 5: IRS W-9

Note - Completion of IRS W-9 is required to create a vendor number for each Project Sponsor.

The full form can be obtained in PDF from the IRS website by following this link to the [W-9 form](http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3)
(<http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3>)

**Request for Taxpayer
 Identification Number and Certification**

Give form to the requester. Do not send to the IRS.

Print or type See specific instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
OR
Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

