

ATTACHMENT 2: COMPENSATION SCHEDULE

Participants 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 Program operating period, the interval data will be accessed by the program manager (or designee) to verify actual kW Demand Savings. TNMP will utilize internal systems to acquire interval data in a .csv format showing the month, day, time, demand (kW) and consumption (kWh) for each of the 96 15-minute demand intervals.

1. TNMP will work with eCurtail manager to analyze the interval data and calculate load reductions.
2. Baseline: TNMP will establish the Baseline for each Curtailment by using a process defined by the applicable Texas Technical Reference Manual (TRM).
3. Curtailment Demand Savings: The average kW throughout the Curtailment period is subtracted from the Baseline to determine the Demand Savings for that Curtailment event.
4. Demand Savings used to calculate the Incentive Payment will be based on the average results of all Curtailment(s) during the Program operating period.
5. In the event no Unscheduled Curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the scheduled Curtailment.

Payment Procedures:

TNMP will pay Participants one payment for the average Curtailments: (1) the Scheduled Curtailment and (2) any Unscheduled Curtailments. In the event a Participant 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 Contract. TNMP's payment of Incentive Payment(s) to Participant is expressly and specifically conditioned upon TNMP receiving all required notices, submittals and materials from Participant within the applicable period specified in the Agreement. Failure by Participant 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 Program is a pilot program, dependent on future changes in Public Utility Commission of Texas (PUCT) regulations and rulings. The incentive budget is \$60,000 (1.5 MW at \$40/kW).

Incentive Payment

The total payment includes the Scheduled Curtailment. For each project site, TNMP will not be obligated to pay the Participant for verified Demand Savings that exceed the amount of proposed Demand Savings approved on the Participant's contract.

TNMP will make the Incentive Payment by April 15, 2022, at the conclusion of the Program operating period and after TNMP's approval of the interval data for the Program operating period. The amount of the Incentive Payment shall be calculated using the following formula:

$$\text{Incentive Payment (\$)} = \text{Total Program Incentive Rate (\$40/kW)} * \text{Average of all Curtailments}$$

In the event no Unscheduled Curtailments occur, the Demand Savings used to calculate the Incentive Payment will be the verified Demand Savings from the 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 Participant 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, should the budget allow.
2. TNMP's payment of Incentive Payment to Participant is expressly and specifically conditioned upon TNMP receiving all required notices, submittals and materials from Participant within the applicable period specified in this Agreement. Failure by Participant 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.