



2024
Residential and Hard-to-Reach
Standard Offer Programs

PROGRAM MANUAL

Updated November 2023

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1 PROGRAM OVERVIEW

1.1 Background

Senate Bill 7, enacted in the 1999 Texas legislature, mandated that at least 10% of an investor-owned utility's (IOU) annual growth in electricity demand be met through energy efficiency programs. Due to the success of the programs, goals for energy efficiency were increased through House Bill 3693 during the 2007 legislative session.

Currently, the IOUs are required to achieve peak demand and energy savings by offering energy efficiency programs, including Standard Offer Programs such as the Texas-New Mexico Power Company (TNMP, or Program Manager) Residential and Hard-to-Reach Standard Offer Programs (Res/HTR SOPs or Program).

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

1.2 Program Description

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

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

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

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

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

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

1.3 Program Budgets and Limitations

2024 program incentive budgets and limits are listed in Table 1.

Table 1. Incentive Budgets and Limits

	Res SOP	HTR SOP
Total program incentive budget	\$1,000,000	\$375,000
Project Sponsor limit (% of incentive budget)	20%	20%
Maximum invoice limit (% of incentive budget)	20%	20%

1.4 Timeline and Key Dates

Key dates for the 2024 Res/HTR SOP programs are listed in Table 2.

Table 2. Key Implementation Dates

Program kick-off webinar	November 15, 2023, 11:00 AM
Project Sponsor application period begins	November 15, 2023
Project Sponsor application period ends	November 29, 2023
Project Sponsor notification of pre-approval	December 6, 2023
Project Sponsor interviews:	December 11-15, 2023
Project Sponsor notification of acceptance	December 22, 2023
Implementation period begins	January 15, 2024
Implementation period ends	November 30, 2024

All installations must be completed, and all implementation data and documentation reported to TNMP no later than November 30, 2024.

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

1.5 Program Information and Contacts

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

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

Key program contacts are:

TNMP Program Manager
Morgan Nielsen
(214) 222-4186
Morgan.Nielsen@TNMP.com

Frontier Energy Program Administrator
Rob Lovenguth
(737) 443-7841
rlovenguth@frontierenergy.com

1.6 Program Clarifications

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

The Program Manager and the Program Administrator reserve the right to change Program guidelines, processes, requirements, budgets, budget allocations and other Program details at any time without prior notice to market participants if it is deemed necessary to achieve program objectives. TNMP will strive to provide timely notice of such changes to all program participants.

1.7 Public Disclosure

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

1.8 Key Changes for Program Year 2024

- ★ Program Participation Process Changes
 - 3 measures required per premise unless unable to install the measures
 - FDS now optional and streamlined version available for multifamily
 - Program prefers ride-along post inspections.
 - Assistance required for multifamily pre and post inspections
- ★ Measure changes
 - General Service LEDs only eligible in HTR
 - Air Purifiers included in All Other Measures Category
 - Addition of Duct Sealing Alternate Approach
- ★ Program Incentive changes
 - Early Bird Bonus- \$100 per single family home until March 31st
 - Underserved Counties- 10% for all measures in underserved counties
 - Increase in Insulation
 - Decrease incentive for Advanced Power Strips, LEDs, and Air Purifiers
 - Addition of multifamily incentive levels for smart thermostats and heat pumps
 - Specific incentive for heat pump water heaters
- ★ Project sponsor communication changes
 - No monthly meetings
 - Mandatory leave behinds only provided as pdfs

2 ELIGIBILITY

2.1 Project Sponsors

A Project Sponsor is any organization, group, or individual who contracts through Frontier Energy to provide energy and demand savings under the Res/HTR SOPs. The following types of organizations are eligible to participate as Project Sponsors:

- Energy service companies (ESCOs);
- Local contractors or general contractors/project aggregators;
- Not-for-profit housing or social service organizations;
- National or local companies that provide energy-related products (e.g., lighting or HVAC); and,

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

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

Project Sponsors also must demonstrate their financial, technical, and managerial qualifications as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. Project Sponsors are required to carry all insurance required by law, and all insurance as described in the SOP Agreement. If a Project Sponsor utilizes one or more subcontractors, by participating in the program Project Sponsor affirms that each subcontractor also meets all licensing and insurance requirements of the program applicable to the work performed and must be prepared to provide documentation to that effect upon request. Project Sponsors must also execute the Host Customer Agreement and Customer Acknowledgement forms, which are available on the TNMP website, www.tnmpefficiency.com.

2.2 Customers

2.2.1 Residential Customers

All residential distribution customers of TNMP are eligible to have measures installed at their homes or owned residential premises as part of this program.

Owners of multifamily properties are also eligible; however, Project Sponsors working with multifamily or rented units must gain approval from program staff and building owners before installing any measures.

All program participants must enter into a Host Customer Agreement with the Project Sponsor for the installation of measures as a part of the project.

A map of TNMP's Texas service areas appears below. A more detailed version of this map, which contains enlarged versions of each region, may be found on [TNMP's website](#). A full map of utility service territories can be found here [Power To Save Texas – Home](#).

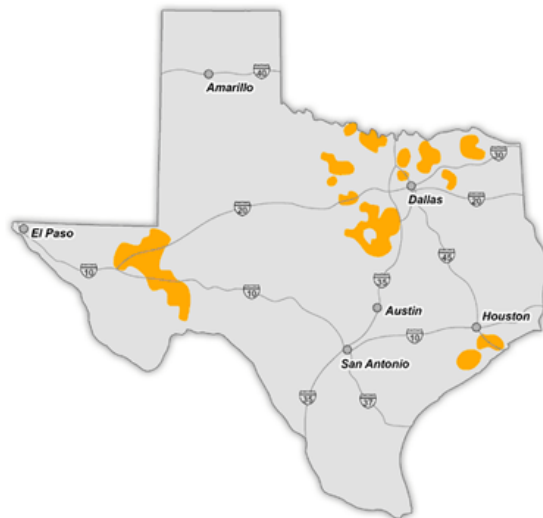


Figure 2-1. TNMP's Texas Service Area

2.2.2 Hard-to-Reach Customers

Eligible Hard-to-Reach (HTR) Host Customers are defined as residential customers meeting at the eligibility requirements listed on the PUCT's customer income eligibility forms. If the Project Sponsor is implementing a project at a multifamily building, the property owner or manager must complete and sign the PUCT's multifamily low-income form.

The current income eligibility forms are available on <https://tnmpefficiency.com> in the Residential Programs section under Existing Homes Category in the Resources tab, or can be found on the [Public Utility Commission of Texas](#)' website, under the Energy Efficiency heading.

2.3 Energy Efficiency Measures

2.3.1 Eligible and Ineligible Measures

TNMP's Res/HTR SOPs are designed to enable Project Sponsors to deliver cost-effective energy efficiency measures to a wide range of residential customers. All eligible measures can be found in volume 2 of the most recent Technical Reference Manual ([TRM](#)).

A list of eligible and ineligible measures appears in Table 3 and 4 below:

Table 3. Eligible Measures and Projects

Envelope

- Insulation: ceiling, wall, and floor
- Duct Sealing (Single Family or Manufactured Homes only)
- Air Infiltration (HTR only)
- Attic encapsulation

Heating, Cooling, and Ventilation

- Standard to high efficiency heat pump or A/C replacement
- Variable speed drive applications for HVAC equipment
- HVAC Tune-ups
- Heat pump replacement of electric resistance heat

Water Heating (electric water heating only)

- ENERGY STAR® heat pump water heaters
- Low-flow showerheads, pipe wrap, & faucet aerators
- Electric tankless or gas water heaters (storage or tankless) replacing electric storage water heaters

Other Measures/Projects

- ENERGY STAR® connected thermostats
- ENERGY STAR® compliant General Service and Specialty LEDs (HTR only)
- Advanced Power Strips connected to entertainment or home office systems
- Any other measure supported by the current version of the Texas TRM (with TNMP approval), other than those listed as ineligible below

Table 4. Ineligible Measures and Projects

- LEDs replacing CFLs or installed in empty sockets are ineligible
- Measures that do not raise efficiency above current standards
- Cogeneration and self-generation projects, including renewable energy self-generation
- Load shifting/load management measures
- Load reductions caused by building vacancies
- Measures that rely solely on customer behavior or require no capital investment
- Measures that decrease building plug loads, except Advanced Power Strips
- Measures for which incentives were received under another TNMP program
- Repair and maintenance projects except A/C Tune-ups
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- New homes (homes that were newly constructed within the past 5 years)

2.3.2 Installation and Documentation Standards

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

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

Photos of nameplates or data tags must be clear enough to be legible or proved illegible. Measures relying on ENERGY STAR® Certification or equivalent qualified products list (QPL) must upload a copy of the certification at the beginning of the year in the database.

2.3.3 Energy Savings Calculations

The TRM outlines additional requirements and eligibility criteria for measures implemented in the Residential and Hard-to-Reach Standard Offer Programs. Refer to the most recent version of the TRM volume 2 for all deemed savings and installation standards.

Payments to Project Sponsors are based on the measures' peak demand (kW) and annual energy (kWh) savings, or on fixed rates per item installed. Project Sponsors must utilize approved deemed savings for estimating the demand and energy impacts of the measures they install. Deemed savings are typically calculated automatically within P3.

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

2.3.4 Additional Measure Notes

This section highlights requirements applicable to certain measures.

2.3.4.1 Electric Resistance Heating Claims

Several building envelope and other measures return greater savings when installed in homes with central electric resistance heating. The TRM requires additional documentation to validate the existence of central electric resistance heating (e.g. nameplate photo, and photo of furnace showing no exhaust flu is present). TNMP conducts 100% desk reviews on homes claiming central electric resistance heating. Sampling of electric resistance documentation is allowed for multifamily complexes. Electric resistance forced air furnaces and centrally controlled wall

heaters are different from, and provide a different level of savings than, electric resistance space heaters, and must be recorded accurately.

2.3.4.2 Advanced Power Strips

Advanced Power Strips must be installed in a location with a master device and at least two peripheral devices plugged into the controlled outlets. A maximum of 3 per single-family home. Smaller APS with only two controlled outlets are eligible for installation.

2.3.4.3 Ceiling Insulation Measure

TNMP requires all ceiling insulation projects with a baseline R-value below R-5 to provide photo documentation showing the entire attic floor and a close-up of a ruler that shows the depth of the insulation levels before and after the measure is installed.

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

Area-weighted U-factor Calculation Method:

$$U_A = [U_1 \times Area_1 + U_2 \times Area_2 + \dots] / [Area_1 + Area_2 + \dots]$$

$$Effective\ R-value = 1 / U_A$$

Alternatively, Project Sponsors may record varying R values across defined areas to find savings per area by using the R-value calculator.

2.3.4.4 Duct Sealing Measure (Alternate Approach)

This measure involves sealing leaks in supply and return ducts of the HVAC distributions systems of homes with central air conditioning. Homes without central air conditioning but with a ducted heating system are not eligible. The Duct Efficiency measure is only eligible if at least 50% of duct work is located in unconditioned space; ducts located in fur-downs are considered to be in conditioned space. Multifamily units are ineligible for duct sealing. Only the alternate approach is eligible, no duct leakage-to-outside testing is required.

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

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

Failure to complete the prescriptive requirements will result in a total measure failure.

Materials used for sealing should be long-lasting materials, such as mastics, UL 181A or UL 181B approved foil tape, or aerosol-based sealants. Fabric-based duct tape is not allowed. Further details are provided in the TRM.

Photographic documentation must be provided showing interventions taken including pre- and post-photos of sections sealed. A written description can be included as well to support the photo documentation.

2.3.4.5 Central and Mini-split AC and Heat Pumps

HVAC system replacement assumes like for like replacement. Upsizing may occur and receive savings if documentation is provided. Replacement equipment must be properly sized according

to ASHRAE or ACCA Manual J and S standards and must have a minimum 15.2 SEER2, 9.81 EER2, and 7.5 HSPF2.

TNMP requires photo documentation of the replaced system's condenser nameplate as well as either a photo of the installed condenser nameplate showing the model and serial number or an invoice of the new unit with the date of purchase, address of the installation, name of the customer, and the model and serial number of both the inside and outside units.

Early retirement requires a photo indicating the existing condenser is working alongside an affirmation by the customer that the system was still working at the time of replacement.

2.3.4.6 ENERGY STAR® Heat Pump Water Heaters

This measure involves replacing an electric resistance tank unit with an ENERGY STAR® compliant heat pump water heater (HPWH). Installation must be properly permitted and meet all applicable building codes. Project Sponsors applying to install water heaters will be required to provide a current copy of the Texas State Board of Plumbing Examiners license.

2.3.4.7 ENERGY STAR® Connected Thermostats

This measure consists of the replacement of a standard or programmable thermostat with an ENERGY STAR® connected thermostat per TRM requirements. All residential customers with refrigerated central air conditioning are eligible to claim cooling savings for this measure. Customers must have electric central heating (either an electric resistance furnace or a heat pump) to claim heating savings. A list of eligible thermostats can be found online at [ENERGY STAR Certified Products: ENERGY STAR Certified Smart Thermostats](#). Limit 1 per central HVAC system.

2.3.4.8 Deemed Savings AC/HP Tune-Up Measure

This measure applies to central air conditioners and heat pumps of any configuration as long as all requirements designated in the TRM can be completed and documented. Pre & post photos of cleaned equipment and before and after photos of manometer gauge representing refrigerant change are both options to use as reference photos for condition change. Multifamily units are ineligible for AC/HP Tune-Ups.

2.3.4.9 Primary, Secondary, and 3 Measure Requirements

TNMP requires that eligible projects have at least one primary measure installed in order to install secondary measures. Please see Table 5. for the list of primary and secondary measures. Installing only secondary measures for a project can only be done in extenuating circumstances and with preapproval from Program Staff in writing. In order to further serve TNMP encourages Project Sponsors to install a minimum of 3 different measures per premise on 80 percent of projects.

2.3.4.10 Water Saving Measures (Water Heater Tank Insulation, Faucet Aerators, Low Flow Shower Heads, Water Heater Pipe Wrap)

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

- New faucet aerators with a flow rate of 1.5 GPM or less must replace existing aerators with a flow rate of 2.2 GPM or greater.
- New low flow showerheads with a flow rate of 2.0 GPM or less must replace existing showerheads with a flow rating of 2.5 GPM or greater.
- Existing equipment that has been defaced so as to make the flow rating illegible are not eligible for replacement. Removed equipment shall be collected and photographed by the contractor and held for possible inspection by the utility.
- Water heater pipe insulation length must be at least 3 feet in order to qualify.

2.4 Free Ridership

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

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

3 Incentive Design and Delivery

3.1 Incentives

The incentive rates for Residential and Hard-to-Reach projects are shown in Table 5. 2024 Res/HTR SOP Incentive Rates below. Higher incentive rates are available for projects serving Hard-to-Reach customers.

Incentives are defined on a per-unit basis for certain measures. For all other measures, TNMP pays for each kW and kWh of verified savings as shown in the table below. The kW payment is based on Peak Demand Savings; the kWh payment is based on the annual kWh savings. Payments may be adjusted based on results of TNMP’s site inspection results as described elsewhere in this document and in the SOP Agreement.

Table 5. 2024 Res/HTR SOP Incentive Rates

Incentives	EUL	Res SOP		HTR SOP	
		\$/kW	\$/kWh	\$/kW	\$/kWh
Primary Measures					
Ceiling, Wall, Floor Insulation - (Gas) (Electric)	25	\$384 \$352	\$0.20 \$0.19	\$430 \$394	\$0.24 \$0.22
HVAC System Replacement		See Page 13			
Attic Encapsulation	25	\$229	\$0.10	\$323	\$0.18
Duct Sealing (Alternative Approach)	18	\$260	\$0.12	\$340	\$0.13
Air Infiltration	11	NA	NA	\$275	\$0.11
Heat Pump Water Heaters (≤55 gal) (>55 – 120 gal)	13	\$400 \$50		\$500 \$100	
Deemed Savings HVAC Tune-Up	5	\$55		\$55	
Secondary Measures	EUL	\$/unit		\$/unit	
Advanced Power Strip/ Small APSs (PowerTap)	10	\$30/APS \$15/Small APS		\$35/APS \$15/Small APS	
General Service LED	16/20	NA		\$3.00/Lamp	
Faucet Aerator	10	\$3.50/aerator		\$4.50/aerator	
Low-Flow Showerhead	10	\$35/showerhead		\$45/showerhead	
Water Heater Pipe Wrap	13	\$5/wrap		\$10/wrap	
Smart Thermostat (Single family) (Multifamily)	11	\$125/thermostat \$50/thermostat		\$175/thermostat \$65/thermostat	
All Other Measures	≥10	\$225	\$0.07	\$270	\$0.11

HVAC System Replacement Incentives

Replace On Burnout & New Construction

	RES SOP		HTR SOP	
SEER2	A/C & Heat Pump	HP Replacing A/C & Electric Resistance Heat*	A/C & Heat Pump	HP Replacing A/C & Electric Resistance Heat*
15.2-17.19	\$50/ton	\$1400/system	\$125/ton	\$1900/system
17.2-19.99	\$150/ton	\$1500/system	\$225/ton	\$2000/system
20+	\$225/ton	\$1700/system	\$325/ton	\$2200/system
Multifamily units*		\$1000/system		\$1300/system

Early Retirement (ER)

	RES SOP		HTR SOP	
SEER2	A/C & Heat Pump	HP Replacing AC & Electric Resistance Heat*	A/C & Heat Pump	HP Replacing A/C & Electric Resistance Heat*
15.2-17.19	\$125/ton	\$1800/system	\$225/ton	\$2300/system
17.2-19.99	\$200/ton	\$2000/system	\$300/ton	\$2500/system
20+	\$300/ton	\$2200/system	\$400/ton	\$2700/system
Multifamily units*		\$1300/system		\$1500/system

SEER2 Mini-Split Systems Incentives

Replace on Burnout	15.2-16.19	16.2-17.19	17.2-20.99	21+
Mini-Split HP & A/C	\$75/ton	\$150/ton	\$300/ton	\$350/ton
Mini-Split HP Replacing ER	\$250/ton	\$350/ton	\$500/ton	\$600/ton
Early Retirement	15.2-16.19	16.2-17.19	17.2-20.99	21+
Mini-Split HP & A/C	\$150/ton	\$250/ton	\$350/ton	\$400/ton
Mini-Split HP Replacing ER	\$350/ton	\$550/ton	\$650/ton	\$750/ton
New Construction MS HP & A/C	\$75/ton	\$150/ton	\$300/ton	\$350/ton

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

The Program Administrator will pay all incentives directly to the Project Sponsors, not to customers. Project Sponsors are not required to provide any direct incentives to customers but are required to execute a contract with customers indicating that the Project Sponsor is receiving incentives as a benefit of participating in a TNMP program. Any costs in excess of the incentive amounts provided by the Program are to be covered by the Project Sponsor and/or Customer.

3.1.1 Incentive Bonuses - Early-Bird & Underserved Counties

All single-family projects with all work completed and submitted to P3 by March 31st will receive a bonus of \$100. Eligible projects must be initially submitted and include at least one primary measure.

Projects in underserved counties will receive an additional 10% bonus on incentives throughout the year. Underserved counties include Clay, Erath, Grayson, Hood, Johnson, Matagorda, Pecos, Stephens, Van Zandt, Ward, Young. In each of these counties less than 10% of our

residential customers have received one or more measures, based on the saturation study updated earlier this year.

3.2 Project Sponsor Limits

To ensure that funding will be available to multiple participants, TNMP has set the maximum amount of incentives paid to any one Project Sponsor (including Project Sponsor's Affiliates) at 20% of the total program budget. Project Sponsors not in good standing may receive a lower allocation. A Project Sponsor may receive the maximum incentive amount available under each Program but must submit separate applications for HTR and Residential incentives.

3.3 Limits on Measure Mix

An important objective of the SOP is to encourage projects that provide a comprehensive range of energy efficiency measures enabling TNMP to achieve significant summer peak or winter peak demand reduction. To this end, TNMP reserves the right to limit the share of the total incentive budget reserved by certain measures in the program. Program guidelines such as these may be subject to change if it is deemed necessary to achieve program objectives.

3.4 Incentive Commitment and Expiration

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

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

3.5 Incentive Payments

The Project Sponsor will typically receive the incentive payment within 45 days after a project is complete, documented fully and in submitted status, subject to TNMP's post-installation inspection results.

4 PARTICIPATION PROCESS

4.1 Overview

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

- 1. Project Sponsor Enrollment & Application:** Project sponsors enroll in P3 and create their profile. Once the profile is complete in P3, the Project Sponsor will need to complete and submit the application for both the Residential and Hard-to-Reach programs. When notified of pre-approval, TNMP and Frontier will conduct a meeting with those Project Sponsors to determine if they will be accepted into the program. After the meetings, Project Sponsor will be notified of program acceptance or denial. Acceptance is limited to eligible companies who have provided all required documentation during the application/enrollment process. Selections are made to optimize program performance via a Project Sponsor mix that serves TNMP's service area entirely with a variety of cost-effective energy efficiency measures.
- 2. Project Initiation and Submittal:** Once application is accepted, Project Sponsors use P3 to determine customer and project eligibility, confirm budget availability, define and upload project specifications, calculate incentives, and submit eligible projects. Project Sponsors use P3 to submit eligible projects, providing appropriate documentation for each.
- 3. Project Review, Inspection and Payment:** Program Administrator reviews all submitted projects, approves projects for funding in accordance with program guidelines, selects a percentage for inspections, conducts inspections, and approves payment for completed projects.

4.2 Detailed Process Steps

4.2.1 Project Sponsor Application/Enrollment

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

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

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

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

- Once the application is submitted, Project Sponsors cannot go back and make any changes.
- In order to submit the application on the designated submittal date and time, the application must be accurate and complete beforehand.
- For detailed instructions on what to do on submission day, refer to P3 training videos that are available on the Help page within P3.
- TNMP will review all applications received during the application period on an equal basis, without regard to the order in which they were received.

The information listed below is required of all Project Sponsors:

- Project Sponsor name.
- W9/federal tax identification number of Project Sponsor.
- Parent company (if any) and affiliated firms (if any).
- Contact name, address, phone number, fax number, e-mail address.
- Name and contact information of representative(s) that will have direct interaction with customers.
- Names, addresses, etc., of all subcontractors.
- A copy of all current industry licenses and certifications relevant to the measures they will install, e.g., Texas air conditioning and refrigeration license, other relevant third-party training courses completed, Texas State Board of Plumbing Examiners license, etc.
 - Project Sponsors intending to perform the Duct Sealing or Air Infiltration measures must carry certifications applicable to those testing procedures. These include one or more of the following:
 - HERS Rater (RESNET)
 - Building Analyst Professional (BPI)
 - Building Envelope Professional (BPI)
 - Energy Smart Contractor (RESNET)

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

- A brief statement of the Project Sponsor's capabilities and experience (500 word maximum).
- Evidence that the Project Sponsor itself and any subcontractors possess all applicable licenses and insurance. Evidence includes a list of applicable licenses, license holders and license numbers. By participating in the program Project Sponsors affirms that each subcontractor also meets all licensing and insurance requirements of the program applicable to the work performed, and must be prepared to provide documentation to that effect upon request.
- Three (3) utility/client/customer references for projects similar in nature to that proposed in this application (include contact name, address, and phone number).
- Disclosure of any legal judgments pending, or entered in the previous two years, against Project Sponsor, as well as a current list of pending litigation filed against Project Sponsor.

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

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

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

All marketing materials must be submitted for review and approval prior to use. Please submit your marketing materials via email to Morgan.Nielsen@TNMP.com and/or bring them to the interview. You are not allowed to use any marketing materials until approved by Program Manager.

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

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

- Electronically signed SOP Agreement
- A copy of W9
- The Frontier Energy Vendor Certification Form, ACH Authorization Form and copy of a cancelled check so payments can be made to Project Sponsor.
- Insurance: Project Sponsors and subcontractors must submit proof of insurance conforming to the requirements listed in the SOP Agreement.
- A copy of all current industry licenses and certifications pertaining to applicable measures for the Project Sponsor: HERS (RESNET), BPI, or HPP, insulation installation, HVAC, electrical, RESNET, etc.

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

4.2.2 Review of Project Sponsor Applications

Once the applications have been received, the Program Manager will work with selected Project Sponsors to schedule a meeting. During this meeting, the Program Staff will meet with the Project Sponsor and everyone on their team that will work in the TNMP service territory promoting the program. The purpose of the meeting is to improve understanding of program requirements and communications, so that accepted Project Sponsors are well-prepared to answer questions from potential Customers throughout the program year. After the meeting, TNMP will make final selections of Project Sponsors to work with the program. Preapproval does not guarantee acceptance into the programs.

Approved Project Sponsors will be able to access the implementation sections of both the Residential and HTR programs within P3. From these sections, Project Sponsors will be able to see how much project incentive money is left in the programs' incentive budgets and will be able to submit invoices for the measure installations that have been completed. No further approvals are required from TNMP to begin work in the program.

TNMP may reject an application if:

- The application is received after the application submittal deadline;
- The Project Sponsor fails to meet program eligibility requirements;
- The Project Sponsor fails to respond to any request for additional information;
- The Project Sponsor is found to have made material misrepresentations in the Project Application;
- The Project Sponsor fails to comply with applicable federal, state and local laws and regulations;
- Changes occur in laws or regulations directly affecting the Res/HTR SOP; and
- TNMP, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the Res/HTR SOP Agreement.

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

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

TNMP may request clarification of, or additional information about, any item submitted as part of the application. Project Sponsors will have five business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, TNMP may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal.

4.2.3 Project Initiation and Submittal

The project application and submittal process exists within P3, and enables approved Project Sponsors to apply to reserve and receive incentives for projects on an incremental basis, as work is completed and invoiced. With this process, it is not necessary for the approved Project Sponsor to request incentives in advance to perform installations for customers. Instead, the funds are reserved for that sponsor upon the submission of a project through P3. The incentive money is an open pot and is reserved on a first come, first serve basis, based on the date and time of project submission.

After receiving approval for their application(s), Project Sponsors may submit completed projects in the database so long as there are sufficient funds in the program budget and the Project Sponsor has not already met their incentive limit.

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

One of the key requirements for Project Sponsors is that they perform installations and report the installation data by submitting a project through P3. Funds are reserved out of the program budget as Project Sponsors submit their invoices.

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

If a Project Sponsor submits a project when program funds are close to being depleted, there is no guarantee that their project will be paid in full. It is the Project Sponsor's responsibility to ensure there are ample funds in the program budget to cover the incentives associated with the measures they are installing. Projects installed and submitted after program funding has been depleted are not eligible to reapply in the following program year. Project Sponsors who submit large and/or late batches of completed projects may face penalties or disqualification.

Please note that when funds have run out in the program, there is no guarantee that TNMP will be able to pay incentives on non-submitted installations. Also, once the funds have been depleted, TNMP will not roll over homes to the next program year that were not paid. It is the Project Sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.

Project Sponsors have two options for submitting projects:

One-by-One Submission

1. Access your Project List and select the project you wish to submit. (Note: only projects in the "Work Completion Pending" status can be submitted.)
2. Within the Project Details page, select the "Submit" from the dropdown menu (in the top right panel under the project status).
3. Select the "Submit" button in blue to submit project.

4. Project will be submitted if it meets all program requirements.

Batch Submission

1. Access your Project List and select the checkboxes in the far-left column for each project that you wish to submit.
 - a) Note: only projects in the “Work Completion Pending” status can be submitted.
2. Select the “Batch Action” dropdown menu.
3. Select “Submit” from the dropdown menu. A confirmation message will appear.
4. Click “Go” within the confirmation window.
5. Projects will be submitted if they meet all program requirements.

All installations must be completed, and all implementation data reported to TNMP no later than November 30, 2024.

Once the invoice is submitted to TNMP via P3, it will be reviewed for accuracy. If any discrepancies are found in any of the reports, Program Administrator will notify the Project Sponsor. The Project Sponsor shall have 5 business days from the date of notification to correct any discrepancies.

Standard Forms

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

1. *Host Customer Agreement.* This is a standard agreement executed by the Project Sponsor and the host customer. It includes all the customer protection provisions, informs them of their rights, and disclosures required by the PUCT. A copy of the completed agreement should be provided to the customer. This must be reviewed and signed by the host customer before work can commence..
2. *Customer Acknowledgement.* Residential customers or multifamily property managers use this form to confirm that: the measures described in the Host Customer Agreement have been installed to his/her satisfaction and that TNMP or other third party as defined on the Acknowledgement is allowed access to the host customer site. The Project Sponsor also affirms that the project is completed and all bills have been paid.
3. *PUCT’s Income Eligibility Forms.* This set of forms are to be used by customers and multifamily property owners/managers to certify hard-to-reach eligibility.
4. *Field Data Sheet.* This form is optional and available for each customer in multifamily and single-family projects listing specific technical data regarding the measures performed. A modified multifamily version may be used with preapproval.

Please note that customer signatures on all customer forms must match the host customer’s name in the database. Please refer to page 7 of this document for the definition of host customer. For assistance with customer forms, contact Program Staff.

Copies of all required forms shall be uploaded for each customer. The forms also provide TNMP with permission to inspect the installation, which may be required before incentive payments are approved. Host customers must be informed that they may be contacted for inspection or asked questions by the Program Administrator, Program Manager or by the EM&V contractor.

All program correspondence, reports, and any other required materials should be uploaded directly to the P3. Refer to the training videos that are available on the Help page within P3 for help with the upload feature or contact the Program Administrator if you have any difficulties.

Work Scheduling

Project Sponsors must maintain a work schedule within P3 and separately inform the Program Manager via email weekly by Mondays at 12:00pm on the location, time and date that marketing activities and/or work is performed. Failing to maintain a work schedule could result in corrective action and/or termination from the program. For more information on corrective action, please refer to Section 5.

Program Marketing Activities

During the implementation period, the Project Sponsor will perform marketing and implementation activities and report progress on a regular basis to TNMP. TNMP-branded marketing materials are required for use throughout the program year.

4.2.4 Inspections and Approval

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

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

To facilitate the installation inspection process, Project Sponsors must coordinate their work schedule with Program Staff, who will inform inspection staff. Failure to comply with the work schedule requirement could result in corrective action.

Project Sponsors may be called upon to provide assistance in scheduling and or completing inspections to ensure review and approval occur in a timely manner, including scheduling a ride-along.

For multifamily projects, the objective is to conduct pre- and post-inspections on each property sampling 10% of the units retrofitted at each project. Frontier will coordinate inspections with the Project Sponsor. Additional inspections may be conducted without prior notice to the Project Sponsor. Incentive reservation may occur for projects utilizing more than \$50,000 worth of incentives. Incentive reservation may occur after preinspection has occurred and the project sponsor submits a forecast of incentives for the project. Reservations are valid for 30 days.

For single-family projects, the objective is also to conduct virtual or on-site post-inspections on 10% of homes and desk reviews on 100% of HVAC systems claiming central electric resistance heating. Frontier and TNMP may monitor the daily work schedules submitted by each Project Sponsor, and may conduct random, unannounced inspections.

To facilitate the inspection process, Project Sponsors are requested to submit work schedules within P3 a minimum of 24 hours prior to beginning work. Failure to comply with the work schedule requirement will result in corrective action.

All measures installed in the Residential and Hard-to-Reach SOP must conform to or exceed the standards listed in the TRM. If installed measures do not meet these standards, they will not be eligible for incentives.

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

4.2.5 Payment

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

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

The Project Sponsor will receive the incentive payment within 45 days after a project is in submitted status, subject to TNMP's post-installation inspection review and results.

5 PROGRAM MARKETING

TNMP does not directly market any energy efficiency-related products or services, but instead relies upon the marketing capabilities of Project Sponsors to sell projects to TNMP's residential customers. Entering into an agreement with Frontier as a Project Sponsor does not imply TNMP's endorsement or approval of any company, product, or service.

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

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

TNMP does provide an educational handout to Project Sponsors that is a mandatory leave behind at completed projects. TNMP will email an electronic copy of this handout to the Project Sponsors after notice of approval to be either emailed to customers or printed and left behind at completed projects.

6 QUALITY CONTROL/QUALITY ASSURANCE

The program design employs pre- and post-inspections as well as non-conformance procedures for investigating the root causes of any failed inspections. Handled on a one-by-one basis, consequences may include a reduction/refusal of incentive payment or additional documentation required for future projects. In instances where incorrect information was deliberately provided by a Project Sponsor, those contractors may be suspended or terminated.

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

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

6.1 Project Sponsor Standing

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

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

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

6.2 Corrective Action

Accurate reporting is of key importance in calculating savings achieved. TNMP may prohibit a Project Sponsor from submitting certain measures if problems occur repeatedly in accurately reporting of required information.

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

- Repairs, rework, or Resubmittal of required documentation
- Participating in additional training
- Reduction or elimination of incentives
- Suspension of Project Sponsor's ability to install some or all measures
- Contract termination

6.3 Disqualification

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

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

6.4 Dispute Resolution

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

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

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