



2011 Residential Standard Offer Program

For program inquiries, contact:
Yolanda Slade
Standard Offer Program Manager
CenterPoint Energy
Houston, Texas 77251- 1700
yolanda.slade@CenterPointEnergy.com

Prepared by:
Frontier Associates, LLC
1515 S. Capital of Texas Hwy, Suite 110
Austin, Texas 78746

October 2010

Table of Contents

- 1. BACKGROUND3**
- 2. PROGRAM DESIGN4**
 - 2.1. PROGRAM DESCRIPTION4
 - 2.2. PROJECT SPONSOR REQUIREMENTS4
 - 2.3. PARTICIPANT ELIGIBILITY5
 - 2.4. ELIGIBLE ENERGY EFFICIENCY PROJECTS AND MEASURES6
 - 2.5. ENERGY-EFFICIENT MEASURE ELIGIBILITY8
 - 2.6. ENERGY SAVINGS MEASUREMENT OPTIONS10
 - 2.7. FOR MORE INFORMATION11
- 3. PROGRAM INCENTIVES.....12**
 - 3.1. INCENTIVE BUDGET AND PROJECT FUNDING LIMITS12
 - 3.2. INCENTIVE RATES12
 - 3.3. LIMITS ON INCENTIVE PAYMENTS13
 - 3.4. PAYMENT PROCEDURES13
- 4. PROGRAM PROCESS AND TIMELINE15**
 - 4.1. APPLICATION PROCESS.....15
 - 4.2. IMPLEMENTATION PERIOD.....15
- 5. PROJECT APPLICATION PROCEDURES.....16**
 - 5.1. SMALL VS. LARGE PROJECTS.....16
 - 5.2. GENERAL APPLICATION REQUIREMENTS.....17
 - 5.3. SMALL PROJECT APPLICATION GUIDELINES.....19
 - 5.4. LARGE PROJECT APPLICATION GUIDELINES.....19
 - 5.5. LARGE PROJECT SPONSOR APPLICATION REQUIREMENTS.....19
 - 5.6. CUSTOMER AFFIDAVITS21
 - 5.7. APPLICATION REVIEW PROCEDURES21
 - 5.8. PROGRAM CONTACT.....23
 - 5.9. OTHER IMPORTANT PROGRAM INFORMATION23
- 6. IMPLEMENTATION PROCEDURES FOR SMALL PROJECT SPONSORS.....24**
 - 6.1. INSTALLATION PERIOD24
 - 6.2. FREQUENTLY-ASKED QUESTIONS25
 - 6.3. IMPLEMENTATION PROCESS25
- 7. IMPLEMENTATION PERIOD PROCEDURES FOR LARGE PROJECT SPONSORS27**
 - 7.1. REQUIRED FORMS27
 - 7.2. PROGRAM IMPLEMENTATION STEPS27
 - 7.3. REQUIRED MONTHLY SUBMITTALS28
 - 7.4. MONTHLY SUBMITTAL REVIEW PROCEDURES.....30
 - 7.5. PROJECT MILESTONE.....30
- 8. PERFORMANCE PERIOD.....32**
 - 8.1. INTRODUCTION.....32
 - 8.2. THE PERFORMANCE REPORT32
 - 8.3. PERFORMANCE PERIOD INVOICE33
- APPENDIX A1**
- DEEMED SAVINGS AND INSTALLATION STANDARDS1**
- APPENDIX B1**

INSURANCE REQUIREMENTS.....1

APPENDIX C1

GLOSSARY1

1. Background

Since 2001, Texas' electric distribution utilities have been implementing energy efficiency programs under new rules developed to increase the level of energy efficiency in Texas. Here are some of the highlights of the new rules:

CenterPoint Energy (CNP) is required to achieve an annual energy efficiency program goal equal to 10% of its projected growth in demand. Utilities can no longer provide "competitive energy services" directly to customers.

In order to achieve the 10% demand reduction goal, CNP implements "Standard Offer Programs," and "Market Transformation Programs" as prescribed by the Public Utility Commission of Texas (PUC).

CNP is offering three standard offer programs: Commercial Standard Offer Program, the Residential Standard Offer Program, and the Hard to Reach Standard Offer Program. CNP is also implementing the ENERGY STAR New Home market transformation program, and the Multifamily Water and Space Heating market transformation program.

Who can submit an application to be a project sponsor?

The Residential Standard Offer Program (Residential SOP) is open to a wide range of contractors, service companies, community agencies and other organizations. No individual project sponsor may apply for more than 10% of the Residential SOP incentives per year, which will allow numerous businesses and organizations the opportunity to participate as project sponsors. There is also a streamlined process by which project sponsors can apply for incentives for projects with as little as \$500 in incentives.

The PUC has issued a wide range of rules and requirements for the Standard Offer Programs. The purpose of this manual is to identify and explain these program requirements, and act as a reference for project sponsors.

- As of November 2008, there are a number of proposals before the PUC to alter the savings calculations for air conditioning equipment and duct sealing, and to establish estimates of the useful life or period of savings associated with various measures. CNP reserves the right to incorporate any or all of these changes resulting from this or other PUC proceedings into CNP's 2010 programs as they are approved. Project sponsors will be provided with adequate notice of any changes affecting their projects.
- Three or more inspection failures in one quarter will result in indefinite suspension of work regarding the failed measure. This includes sub-contractors.
- All administration questions and/or concerns should be directed to Roxanne McFarland, 713-207-3511 or roxanne.mcfarland@centerpointenergy.com

2. Program Design

2.1. Program Description

The Residential SOP was developed by CNP to provide incentives to suppliers of energy services. The primary objective of this program is to achieve cost-effective reduction in our summer peak demand.

In a standard offer program (SOP), project sponsors propose to deliver certain levels of peak demand savings (measured in kilowatts, or kW) and annual energy savings (measured in kilowatt-hours or kWh). CNP pays a fixed (“standard offer”) price for each kW and kWh of savings. All payments to project sponsors are based solely on kW and kWh savings. CNP pays 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 which indicate that the project sponsor is participating in a CNP program and is receiving incentives for participating.

CenterPoint Energy has designed the Residential SOP to encourage electric energy efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement-on-burnout projects. Consequently, energy savings credits for such measures will be based only on energy savings that exceed current federal minimum efficiency standards, if such standards apply. In cases where standards do not exist, and on early replacement or retrofit of existing equipment, demand and energy savings will be based on efficiency improvements relative to typical efficiencies in like circumstances (subject to other limitations as specified herein).

Example:

For a project sponsor installing a new central air conditioner, the savings (and incentives) are based on the difference between a high-efficiency unit, e.g., 15 SEER, and a “baseline” unit with a 13 SEER, even though the fifteen-year old unit being replaced has an SEER of 8. In this example, the baseline is the current federal (2006) standard, not the efficiency of the existing unit. The customer’s actual energy savings will likely be substantially higher than the “deemed savings” estimate.

For a definition of “baseline” and other terms used in this Manual, please consult the Glossary, included as Appendix B.

2.2. Project Sponsor Requirements

A project sponsor is any organization, group, or individual who contracts with CNP to provide energy savings under the Residential SOP. The following types of organizations are eligible to participate as project sponsors:

- CenterPoint Energy customers owning or operating multifamily residential facilities that do not exceed 250 kW aggregate demand or exceed 100 kW at any one facility;
- Energy service companies (ESCOs);
- Local contractors;
- Not-for-profit housing or social service organizations;

- National or local companies that provide energy-related products (e.g., lighting or HVAC); and
- Retailers are also eligible if they install the particular energy-efficient products sold as part of this program.

Project sponsors in the Residential SOP must meet eligibility criteria, comply with all Residential SOP rules and procedures, submit Project Application forms and supplemental documentation describing their projects, and execute CNP's Residential SOP Agreement. CenterPoint Energy requires project sponsors to demonstrate their qualifications as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings.

The project sponsors must provide specific information on their qualifications in the areas of insulation installation and duct sealing, if these measures are to be included in the proposed project. Project sponsors proposing to utilize subcontractors to provide these services are required to identify their subcontractor and provide information on their qualifications. This requirement is described in further detail in Section 5. CenterPoint Energy requires project sponsors and their subcontractors to carry all insurance required by law, and all insurance as described in the Standard Offer Program Agreement.

One of the features of the Residential SOP is that CNP will rely upon the marketing capabilities of project sponsors to sell projects to CNP's residential customers. CenterPoint Energy will not directly market any energy efficiency-related product or service to its customers. **Entering into an agreement with CNP as a project sponsor does not imply CNP's endorsement or approval of any company, product, or service.**

2.3. Participant Eligibility

Residential electric distribution customers of CenterPoint Energy are eligible to have measures installed at their homes or facilities as part of this program.

For individually-metered multifamily properties, each dwelling unit is considered as a separate residential account, and the common areas are considered as either small or large commercial accounts, depending upon their aggregate demand.

2.3.1. Affordable Housing Single-Family New Construction

New affordable single-family homes are eligible for incentives under the Residential SOP. For 2011, \$25,000 in incentives has been allocated for these homes. In order to qualify, the home must:

- Be constructed to meet ENERGY STAR[®] standards, as certified by a qualified home energy rater, and
- Target populations with incomes at or below 200% of the Department of Health and Human Services Poverty Guidelines (see www.centerpointefficiency.com for details).
- If the home is being constructed inside Houston city limits, the central A/C unit installed must be 14.5 SEER or above and the windows must have a Solar Heat Gain Coefficient (SHGC) of 0.30 or less to qualify.

Projects targeting populations with incomes at or below 80% of the statewide or local median family income are eligible to participate in the “affordable housing” new construction program. Single-family homes constructed under the following programs are categorically eligible:

- Habitat for Humanity
- HOME
- CDBG
- Housing Trust Funds (state or local)

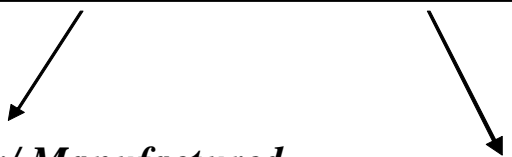
Other affordable single-family new construction projects may be eligible if it can be demonstrated that they target hard-to-reach homebuyers.

The incentives paid for affordable single-family (ASF) new construction shall be based on the per-home energy and demand savings values that are calculated for each home, using the methodology approved for CNP’s ENERGY STAR New Home Market Transformation Program. The ASF program has specific incentive rates.

2.4. Eligible Energy Efficiency Projects and Measures

The chart on the following page summarizes the targeted customer classes, eligible measures and other features of this program.

Residential Standard Offer Program



Single Family/ Manufactured Home

- ◆ Retrofit only, except for affordable single-family new construction
- ◆ All measures except:
 - Showerheads
 - Solar screens
- ◆ M&V Options
 - Deemed Savings
 - Measured Savings

Multi-Family

- ◆ Retrofit only
 - Showerheads
 - Solar screens
- ◆ M&V Options
 - Deemed Savings
 - Measured Savings

Hard-to-Reach Standard Offer Program (Separate Program)

- ◆ Retrofit only
- ◆ Single/multifamily
- ◆ Measure implementation must follow PUC HTR program template
- ◆ PUC-approved measures only, including:
 - Screw-in CFLs
 - Showerheads
 - Solar screens
 - Window A/Cs
- ◆ Deemed Savings only

2.5. Energy-Efficient Measure Eligibility

Any Commission-approved measure included in the statewide Residential SOP template, or any measure assigned a deemed savings value by the Commission is eligible under CNP's SOP. To be eligible for incentives, measures must be installed in homes or buildings with electric air conditioning (either central systems or window units). Table 1 provides examples of eligible measures. Table 2 provides examples of ineligible measures.

Project sponsors may propose innovative or non-traditional energy efficiency measures. Equipment in all end uses (e.g. lighting, refrigeration, cooling, and heating) is eligible for the SOP. Proposed energy efficiency measures must meet the following requirements:

- Measure must produce a measurable and verifiable reduction in either purchased electric energy, measured in kWh, or peak demand, measured in kW, or both.
- Measure must produce savings through an increase in energy efficiency or a substitution of another energy source for electricity (provided the substitution results in overall lower energy costs, lower energy consumption, and the installation of high efficiency equipment).
- Renewable energy measures meeting the requirements of the Commission's Energy Efficiency Rule (Substantive Rule 25.181) may qualify for an incentive.
- Measure must have a minimum useful life of 10 years.
- Measure must meet or exceed minimum federal or other efficiency standards as provided in the program manual.
- On single-family detached residences, the duct efficiency and air infiltration measures must be applied to the whole home. Multiple-story homes cannot be treated on a per-story basis.
- Homes must be occupied and the HVAC equipment must be operational in order for any measure to be eligible for incentives.

As a general rule, measures involving "plug loads" (equipment or appliances that are plugged into standard electrical outlets) are not permitted. This restriction may be waived by the utility if the project sponsor provides the utility with reasonable assurance that the energy and/or demand savings associated with such measures are likely to persist over a 10-year period of time and that quantifiable energy and/or demand reduction meeting the requirements of the Commission's Energy Efficiency Rule can indeed be achieved through the proposed measure(s).

If the project sponsor proposes measures for which deemed savings values have not been approved by the PUCT, then the project sponsor must follow either the International Performance Measurement and Verification Protocol (IPMVP) or the Simplified M&V for Commercial and Industrial Lighting Retrofits, adopted by the Commission. These documents may be downloaded from the Program Web site.

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.

CenterPoint Energy will be the final authority on whether any particular measure is eligible for incentives.

Table 1
Examples of Eligible Measures and Projects

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR® windows
- Infiltration control
- Duct sealing

Cooling and Ventilation Measures/Projects

- High efficiency air conditioning replacements
- Variable speed drive applications for HVAC equipment

Heating Measures/Projects

- Standard-efficiency heat pump to high-efficiency heat pump conversion

Lighting Measures

- Hard-wired high-efficiency fluorescent lighting that replaces less efficient lighting
- T-12 to T-8 retrofits
- LED exit sign retrofits
- Screw-in CFLs

Water Heating

- Energy and water-efficient clothes washers
- High efficiency gas water heater replacing electric resistance water heaters

Other Measures/Projects

- Energy-efficient refrigerators
- Commercial refrigeration efficiency (multiplexing compressors, refrigeration case covers and other refrigeration efficiency measures)

Renewable Energy Measures

- Water heating
- Photovoltaic or certain other renewable technologies

Table 2
Examples of Ineligible Measures and Projects

- Measures that do not raise efficiency above current standards
- Measures with an expected life of less than 10 years
- Showerheads and aerators
- Cogeneration and self-generation projects
- 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, such as “Green Plugs” or computer inactivity time-out controls
- Measures for which incentives were received under another CNP program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- Envelope measures on homes that have received the ENERGY STAR label. These measures include:
 - Duct efficiency
 - Air infiltration
 - ENERGY STAR windows
 - Ceiling insulation

2.6. Energy Savings Measurement Options

All payments to project sponsors are based on the project’s peak demand (kW) and annual energy (kWh) savings. Large project sponsors have the following options for estimating the demand and energy savings of the measures they install.

- 1. Deemed Savings.** Uses pre-determined average kW and kWh savings for each measure. Project sponsor is not required to perform any measurement or verification of energy savings. 100% of incentive payment is paid as soon as installation inspections are completed, normally within 45 days of submitting an implementation report and invoice. *This is the recommended option for virtually all residential projects, and any project composed of measures for which deemed savings values have been established.* All of the common residential retrofit measures have approved deemed savings values. Appendix A has a listing of all the deemed savings values.
- 2. Simplified M&V.** This method is commonly used for lighting retrofits in typical commercial applications. Project sponsors use a comprehensive wattage table to estimate wattage savings per fixture and typical operating schedules for various types of facilities. f

project sponsors should use this approach whenever possible, as it eliminates the requirement that project sponsor perform any M&V, and provides for 100% of the incentive payment to be made as soon as an implementation report is submitted and installation inspections are performed. Additional information on simplified M&V procedures may be downloaded from the Program Web site. This option is applicable to certain lighting, HVAC and motor measures for commercial projects.

- 3. Measured Savings.** With this option, actual measurements and analysis are relied upon to calculate energy savings. There are specific measurement and verification procedures, which are based on the International Performance Measurement and Verification Protocol (IPMVP). This Protocol specifies how and what M&V procedures are to be used in calculating energy savings. Project sponsors selecting this option must submit an M&V plan with their Project Application. All proposed M&V plans must be approved by CNP before any measures may be installed. This option may provide more accurate savings measurements, but will likely increase the project sponsor's implementation expenses. In addition, if CNP, in its sole judgment, determines that its own administrative costs would be substantially increased as a result of a project sponsor's proposed M&V plan, it has the option of charging the project sponsor for these incremental administrative costs.

Small project sponsors must utilize the deemed savings or simplified M&V options. The project sponsor must specify which M&V option is going to be utilized. Once the M&V option is selected, the project sponsor must adhere to this process throughout the entire term of the Res SOP Agreement.

2.7. For More Information

The web site (www.centerpointressop.com) will provide the key informational resource and should be checked regularly for any program updates. Company representatives will respond to questions of general interest by posting answers on the web site.¹

¹ CNP will attempt to answer telephone inquiries, but no response will be considered official unless the question has been posted and responded to on the official CNP energy efficiency program web site.

3. Program Incentives

Note that in all cases, payment procedures and amounts specified in the SOP Agreement supersede this and any other documents.

3.1. Incentive Budget and Project Funding Limits

CenterPoint Energy has budgeted a total of \$425,000 in incentives for the Residential SOP. The incentives will be allocated as follows:

- \$320,000 for Large Projects
- \$80,000 for Small Projects
- \$25,000 for Affordable Single-family New Construction

To ensure that funding will be available to multiple participants, CNP has set the maximum amount of incentives paid to any one project sponsor (including project sponsor's Affiliates) or any one customer at \$32,000 for large projects and \$8,000 for small projects (10% of each total). The maximum amount of incentives for any project sponsor implementing an affordable single-family new construction project is \$25,000.

More details on the application processes for small and large projects are included in Section 5. **Large project sponsors may not participate in the small project application process.**

A project sponsor may submit multiple applications, and participate in multiple projects, subject to the limits as outlined above. The project sponsor incentive limit may be increased if CNP determines that the limit might prevent it from achieving its energy efficiency goal. No project sponsor has unconditional entitlement to the SOP incentive funds.

3.2. Incentive Rates

The incentive rates for Residential and Affordable Single Family new construction projects are as follows:

Residential Incentive Rates	Demand (kW)	Energy (kWh)
Standard (all other measures)	\$265	\$0.091
Ceiling Insulation	\$500	\$0.200
Central AC and HP Replacements	\$477	\$0.160
Window AC Replacement Only	\$494	\$0.330
Window AC Replacement + Duct Sealing	\$477	\$0.284
Affordable Single Family New Construction	\$500	\$0.20

The kW payment is based on Peak Demand Savings. The kWh payment is based on the first-year kWh savings.

Example:

A local insulation contractor installs attic insulation in 30 homes. The total area of the attics is 28,000 square feet, and the existing R-values range from R-0 to R-11. Using the deemed savings table for ceiling insulation (page A-10), and adding up the deemed kW and kWh savings for each of the attic areas insulated, the total kW savings is 8.3, and the kWh savings is 21,000. The incentive payment is calculated as follows:

$$(8.3 \times \$265) + (21,000 \times \$0.091) = \$4,110.50$$

Note: The payments calculated in this section may be adjusted based on results of CNP's site inspection results as described elsewhere in this document and in the SOP Agreement.

3.3. Limits on Incentive Payments

An important objective of the Standard Offer Program is to encourage projects that:

- Provide a comprehensive range of energy efficiency measures, and
- Allow CNP to achieve significant summer peak demand reduction.

In order to accomplish this, CNP will institute:

- Limits on the amount of lighting savings that may count towards total project savings, and
- Load factor caps, which limit the incentive amounts paid for projects that provide relatively little summer peak demand reduction.

Limitation on Lighting Measures

If the fraction of a project sponsor's kW or kWh savings derived from lighting measures exceeds 65% of the total savings, the incentive amounts paid to the project sponsor for the lighting measures shall be reduced by an adjustment factor. The application of these adjustment factors to kW and kWh payments ensures that the lighting measure incentives paid shall not exceed 65% of the total incentive payable if the project had consisted entirely of non-lighting measures.

Load Factor Cap

For projects implemented in the 2011 programs, the load factor cap will not apply.

3.4. Payment Procedures

The procedure for paying incentives varies based on the M&V option that has been selected by the project sponsor.

With the Deemed Savings or Simplified M&V Options, the project sponsor receives 100% of the incentive payment within 45 days after submitting a complete monthly implementation report and invoice, subject to CNP's post-installation inspection results.

- Complete invoices

- Correct information
- All signatures
- 5 day window

Any administrative errors will be given a five (5) day correction period. Any info not received after 5 days will result in customer exclusion and not be eligible for resubmittal.

3.4.1. Measured Savings Option

The Measured Savings Option provides a mechanism of measurement and verification (M&V) where actual measurements and analyses are relied upon to calculate energy savings. Project sponsor will receive an initial implementation payment that represents 40% of the total estimated incentive payment within 45 days after submitting a monthly implementation report and invoice, subject to CNP's post-installation inspection results.

For measured savings projects, CNP will use the following formula to calculate the amount of the initial Implementation Payment:

$$\text{Implementation Payment} = [((\text{estimated kW}) * (\$/\text{kW incentive})) + ((\text{estimated kWh}) * (\$/\text{kWh incentive}))] * 40\%$$

The second payment (the "Performance Payment") will be based on the one-year energy savings that the project sponsor measures and documents in its M&V Report. The Performance Payment may be up to 60% of the total estimated incentive included in the Residential SOP Agreement, and will be calculated as follows:

$$\text{Performance Payment} = [((\text{measured kW saved}) * (\$/\text{kW incentive})) + ((\text{measured kWh saved}) * (\$/\text{kWh incentive}))] - \text{Implementation Payment}$$

Under no circumstances will CNP make a total incentive payment (i.e., the sum of the Implementation Payment and the Performance Payment) that is more than 100% of the total estimated incentive payment specified in the Residential SOP Agreement. If the final M&V Report indicates that the measured savings are less than the estimated savings, then the total incentive payment will be less than the payment estimated in the Agreement. If the above formula results in a negative amount, the project sponsor must refund that amount to CNP within 45 days of the submittal of the M&V Report.

4. Program Process and Timeline

4.1. Application Process

Potential project sponsors may apply using the Large Project Application or the Small Project Application. The difference between the two is the amount of incentive dollars available and the length of time to utilize the funds.

Section Five contains a detailed description of the application process.

A copy of the SOP Agreement may be downloaded from the Program Web site. Project sponsors are urged to review the SOP Agreement before submitting a Project Application. *Once the application period has begun, CNP will not entertain proposed modifications to the SOP Agreement.* Any changes that need to be made to the application after it is submitted will result in application being moved to the end of the submission list.

4.2. Implementation Period

During the implementation period, the large project sponsor will be performing marketing and implementation activities, and reporting progress on a regular basis to CNP. Installations should be completed on November 18th, 2011 so that all implementation data can be submitted to CNP no later than November 30th, 2011.

Small project sponsors will have 30 days from the date funding has been reserved to complete installations. The small project sponsor will likely have already identified both a customer site and the measures to be installed before reserving incentive funds. The small project sponsor may only reserve \$10,000 a month of incentive funds. The small project sponsor's implementation period responsibilities are to complete the installations and report the installation information via the Program Web site by the end of the 30-day period.

Installation and equipment standards are included in Appendix A.

5. Project Application Procedures

5.1. Small vs. Large Projects

The small project application process enables project sponsors to apply for as little as \$500 in incentives. While the term “small” is meant to be applied to the size of the project, and not to the size of the project sponsor, this process is targeted towards:

- Smaller HVAC dealers,
- Insulation contractors,
- Local contractors, and
- Community organizations.

The following is a comparison of small and large projects:

Small Projects	Large Projects
<ul style="list-style-type: none"> • <i>Minimum project size: \$500</i> • <i>Maximum project size: \$10,000 per month</i> • <i>Funds reserved for 30 days</i> • <i>No milestone schedule</i> • <i>1-2 unit residential dwellings</i> • <i>Subcontractors may not be used, except by community action agencies</i> • <i>Simplified, web-based application process</i> • <i>M&V Options:</i> <ul style="list-style-type: none"> • <i>Deemed Savings</i> • <i>Simplified M&V</i> 	<ul style="list-style-type: none"> • <i>Min. project size: 20 kW (about \$9,000)</i> • <i>Maximum project size: \$32,000 for Residential and \$25,000 for affordable single-family new construction projects</i> • <i>Funds reserved for up to a year</i> • <i>Sponsors must adhere to milestone schedule</i> • <i>Any residential customer site</i> • <i>Detailed, web-based application process</i> • <i>M&V Options:</i> <ul style="list-style-type: none"> • <i>Deemed Savings</i> • <i>Simplified M&V</i> • <i>Measured Savings</i>

The small project application process is ideal for local businesses or community organizations that may want to participate on a trial basis, or who may wish to apply for incentives on an incremental basis. The disadvantages are that the incentive money is only allocated for a 30-day period, requiring project sponsors to complete installations and report installation information within a relatively short timeframe, and that there is an annual limit of \$10,000 per project sponsor.

Project sponsors who wish to retrofit multifamily properties, or who want to ensure that

incentives will be available to them throughout the season should submit a Large Project Application. Large project sponsors may not participate in the Small Project Application process.

5.2. General Application Requirements

CenterPoint Energy has determined that the fairest and least-cost application procedure is to accept applications only via the Internet. The application forms, instructions, frequently-asked questions, and helper applications are accessible on CNP's web site (www.centerpointressop.com). All applications must be completed and submitted on-line.

5.2.1. Project Sponsor Information

The information listed below is required of all project sponsors:

- Project sponsor name;
- 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; and
- Names, addresses, etc., of all subcontractors. *This is for large project sponsors only. Small project sponsors (except community action agencies) are not allowed to use subcontractors.*

5.2.2. Project Sponsor Requirements

- All employees must have background check and photo ID.

5.2.3. Project Sponsor's Qualifications

CenterPoint Energy requires project sponsors to demonstrate their qualifications and experience as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. The project sponsor's application should include the following:

- A brief statement of the project sponsor's capabilities and experience (500 word maximum)
- Evidence that project sponsor and any subcontractors (for large project sponsors only) possess all applicable licenses. Evidence includes a list of applicable licenses, license holders, and license numbers. For project sponsors proposing to install duct efficiency or air infiltration control measures, the name(s) of employee(s) with HERS certification should be included.
- Description of previous participation in other Texas utility standard offer programs. The information provided should include the utility name, contract amount, and utility contact. If the project sponsor has no prior experience with Texas standard offer programs, provide three 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, or the designated subcontractor, as well as a current list of pending litigation filed against project sponsor or designated subcontractor.
- Evidence of financial strength and capability, which may include approximate annual revenue, trade references, project references, and/or other information deemed appropriate by project sponsor.

5.2.4. Additional Requirements for Project Sponsors Proposing to Perform Duct Sealing

For project sponsors proposing to include duct sealing as part of their projects, the following additional information is required. Project sponsors who do not provide this information will not be allowed to include duct sealing as part of their projects.

- The project sponsor should indicate whether duct sealing will be performed by direct employees of the project sponsor, or by a subcontractor. (Only large project sponsors may use subcontractors.) If the large project sponsor intends to utilize subcontractors for any part of the implementation of this measure, then the subcontractor(s) must be identified, and the information provided in this section should pertain to the subcontractor(s). Large project sponsors who do not identify their proposed subcontractor(s) as part of this application process will not be allowed to use subcontractors for this measure.
- The project sponsor should provide a description of previous experience in providing this service. This should include, if applicable, a list of other Texas utility projects completed by the project sponsor or subcontractor, including the number of homes treated with this measure. All project sponsors that are installing duct sealing are required to have a certified HERS rater on staff. Provide a listing of certifications or licenses held (e.g., HVAC license, HERS rater certification, etc.), or relevant third-party training courses completed. Also, please provide a description of the equipment and techniques to be utilized to measure duct leakage.

5.2.5. Additional Requirements for Project Sponsors Proposing to Install Ceiling or Wall Insulation

For project sponsors proposing to include ceiling and/or wall insulation as part of their projects, the following additional information is required. Project sponsors who do not provide this information will not be allowed to include ceiling or wall insulation as part of their projects.

- The project sponsor should indicate whether insulation services will be provided by direct employees of the project sponsor, or by a subcontractor. (Only large project sponsors may use subcontractors.) If the large project sponsor intends to utilize subcontractors to implement any part of the insulation measure, then the subcontractor must be identified, and the information provided in this section should pertain to the subcontractor. Project sponsors who do not identify their proposed subcontractor(s) as part of this application process will not be allowed to use subcontractors for this measure.
- The project sponsor should provide a description of previous experience in providing insulation services. This should include, if applicable, a list of other Texas utility

projects completed by the project sponsor or subcontractor. Provide a description of the training provided by the project sponsor or subcontractor to its installers.

5.3. Small Project Application Guidelines

The Small Project Application process has two steps. Beginning November 8, 2010, small project sponsors can complete their applications. On November 16, 2010 at 2:00 PM CST, small project application can be submitted via the online system. Then on January 3, 2011, reservations of funds can be made and work may begin. The initial application consists of the project sponsor's corporate information, qualifications, and references. After this information has been reviewed by CNP, the project sponsor will be notified of their application status.

5.4. Large Project Application Guidelines

Large project sponsors will be able to access the program application web pages beginning on October 18, 2010. CNP will update its application web page at 10:00 AM CDT on October 27, 2010 to activate a "submit button." Once this button is active, project sponsors can submit their applications. **Please note, only one user per username can be logged into the database at a time during the application period.** CenterPoint Energy will continue accepting applications until all funds have been reserved, or until the end of the program year, whichever is earlier. All applications will be reviewed on a first-come, first-served basis. CenterPoint Energy will utilize its mail server's time stamp to determine the order of receipt. Confirmation of the receipt of the application will be sent via return e-mail.

The Affordable Single Family application submittal will be announced. Please check the residential web site for updates.

After the application information has been reviewed by CNP, the project sponsor will be notified of its project award status.

5.5. Large Project Sponsor Application Requirements

In addition to the application information outlined in Section 5.2, large project sponsors will be required to provide the following information about their proposed projects.

5.5.1. Project Description

Provide a description of the proposed project in the space provided. Briefly describe the proposed project, including target customers, end-uses, marketing approach, and measurement and verification method (deemed savings, simplified M&V, or M&V protocol).

5.5.2. Project Description – Estimated Impacts

If the project sponsor intends to use the Deemed Savings Option exclusively, please refer to the deemed savings measure list (Appendix A), and/or the excel spreadsheet file named *deemed_savings_helper.xls* (may be downloaded from <http://www.centerpointressop.com/>) to create estimates of average kW and kWh savings per installation site.² If using the Measured Savings

² These values are subject to change during the 2010 program year, based on the outcome of proceedings to approve further modifications to these values.

Option, enter your estimate of kW and kWh savings per site. For the Measured Savings Option, refer to the M&V Form for a description of the additional information that needs to be submitted. Please provide measure installation and savings information by customer type.

For residential projects, the minimum project size is 20kW of deemed or measured peak demand savings. For affordable single-family new construction projects, there is no minimum. The maximum project size is determined by the limit on incentives that can be paid to any one project sponsor. There is also a limit on the amount of incentive payment that can be attributable to a project's lighting savings.

5.5.3. Marketing Plan

Describe the customer types being targeted and/or building/dwelling characteristics being targeted. Describe the marketing mechanisms to be used as well as previous projects that were successfully completed by the project sponsor utilizing similar marketing methods.

5.5.4. Project Implementation Schedule

On this form, a milestone date is generated for the Project. No inputs are required from the project sponsor. Measure installations resulting in at least 50% of the project sponsor's total estimated incentive payments must be completed by June 5, 2011. Measure installations resulting in at least 80% of the project sponsor's total estimated incentive payments must be completed by September 5, 2011.

CenterPoint Energy reserves the right to withdraw some or all of the project sponsor's incentive reservation for failure to achieve the applicable milestone.³ For project sponsors who fail to meet the milestone, but who have achieved a substantial percentage of their milestone goal, CNP may withdraw incentive reservation according to the percentage below the 50% or 80% milestone. For example, if a project sponsor has only achieved 30% of the goal by the 50% milestone date, 20% of the incentive reservation for that project sponsor may be withdrawn. However, in the event the project sponsor has achieved little or no progress toward achieving the goal by the milestone date, CNP reserves the right to withdraw the project sponsor's entire incentive reservation.

5.5.5. Measurement & Verification Options

The project sponsor must specify if the Deemed Savings Option, the Simplified M&V Option, and/or the Measured Savings Option will be used.

If the project sponsor elects the Deemed Savings Option for all measures, then it is not necessary to provide a detailed M&V plan. On "deemed savings only" projects, Sponsors may not install measures for which deemed savings values have not been approved by the PUCT.

If the project sponsor intends to utilize the Measured Savings Option either as an alternative, or in addition to the Deemed Savings Option, then an M&V Plan must be provided. The M&V plan must conform to the International Performance Measurement and Verification Protocol (IPMVP).

³ For the purpose of measuring a Project Sponsor's progress towards achieving its milestones, CNP will include 100% of all projected savings (deemed or measured) for each completed installation.

However, for certain lighting measures, project sponsors have the option of utilizing the Simplified M&V procedure in lieu of providing a Detailed M&V Plan.

5.5.6. Simplified M&V Procedures for Lighting Measures

The simplified M&V procedures for lighting measures use engineering calculations and typical operating schedules developed for common building and equipment types. It is appropriate for the replacement of existing fixtures, lamps, and/or ballasts with a similar number of new energy-efficient fixtures, lamps and/or ballasts at common building types, e.g., offices, retail stores, schools, etc. More information on simplified M&V procedures may be downloaded from the Program Web site.

Project sponsors who propose to implement lighting retrofit projects that meet the equipment characteristics and stipulated operating schedules and conditions described in the Simplified M&V Procedures Document should so indicate on the M&V form. Project sponsors utilizing the simplified M&V guidelines need not submit a detailed M&V Plan.

CenterPoint Energy reserves the right to determine whether or not any lighting retrofit project or measure meets the Simplified M&V requirements. Project sponsors may request that CNP pre-approve the use of the Simplified M&V Procedures prior to implementation of a particular retrofit.

5.6. Customer Affidavits

If a project sponsor anticipates requesting more than \$10,000 in incentives for measures installed at any one customer site, an affidavit of participation signed by that host customer must be submitted within ten business days of Internet application.

5.7. Application Review Procedures

5.7.1. Application Evaluation

CenterPoint Energy may reject a Project Application if:

- The Project Application is received after the Project Application period has expired;
- The Project Application is received after the Residential SOP has been fully subscribed;
- 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 Residential SOP; and
- CenterPoint Energy, in its sole judgment, determines that the project sponsor is incapable of fulfilling the terms and conditions of the Residential SOP Agreement.

CenterPoint Energy reserves the right to limit or disqualify the participation of project sponsors who have performed poorly in previous standard offer programs.

CenterPoint Energy will notify each project sponsor of its application status within 10 to 15 business days of the submittal of the application. If a Project Application is found incomplete or insufficient, CNP may, at its sole discretion, reject it.

CenterPoint Energy may request clarification of, or additional information about, any item submitted as part of the Project Application. Project sponsors will have five business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, CNP may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any project sponsor submitting an unsuccessful Project Application may reapply for project funding by submitting another Project Application. However, the project sponsor will lose its initial position in the order of submittal for Budget Reservation purposes.

5.7.2. Large Project Sponsor Approval

If CNP approves the Project Application, the project sponsor will be expected to sign and return the SOP Agreement as soon as possible after notification of Project Application approval. (Project sponsors who have participated in a previous CNP SOP may not have to sign an additional agreement).

5.7.3. Small Project Sponsor Approval

Once a small project sponsor's application has been accepted, the SOP Agreement is signed and returned. (Project sponsors who have participated in a previous CNP SOP may not have to sign an additional agreement). The CNP Program Administrator will then authorize the project sponsor to reserve funding in the small project sections of the program web site. From these sections, small project sponsors will be able to see how much small project incentive money is available in CNP's small project incentive budget, and sponsors will be able to reserve incentive funds for their individual projects. No further approvals are required from CNP to begin installation.

Small sponsors will receive an email after 60 days of inactivity. If the sponsor does not submit an invoice before 90 days of inactivity, the sponsor will be removed from the program.

5.7.4. Required Forms

Prior to commencing any installation activities, project sponsor shall submit its insurance certificate to CNP, as well as the following required forms for approval:

1. *Host Customer Agreement (HCA)*. Project sponsors may download a pre-approved version from the Web site, or may draft their own HCA. This is a standard agreement executed by the project sponsor and the host customer. It includes all the customer protection provisions and disclosures required by the PUCT. CenterPoint Energy requires that the project sponsor use an approved HCA, but does not require that copies of signed agreements be turned in to CNP.
2. *Residential Customer Acknowledgment*. This is a form in which the residential customer acknowledges that the measures described in the Host Customer Agreement have been installed to his/her satisfaction; and that CNP is allowed to access to the host customer site.

Project sponsors may draft their own Customer Acknowledgement and submit it to CNP for approval, or they may download a pre-approved version from the Web site. Copies of signed Customer Acknowledgements must be turned in with each installation report and invoice.

The Host Customer Agreement and the Customer Acknowledgment may be combined into one document.

5.8. Program Contact

The Residential SOP Program Manager is Ms. Yolanda Slade. All program correspondence, reports, and any other required materials should be directed to Ms. Slade at:

CenterPoint Energy
1111 Louisiana, #965A
Houston TX 77002
713.207.7762
yolanda.slade@CenterPointEnergy.com

5.9. Other Important Program Information

CenterPoint Energy will not reimburse any project sponsor for any costs incurred by participating in the SOP, including costs of preparing the Project Application, reviewing or executing the SOP Agreement, or preparing and submitting implementation or performance reports.

CenterPoint Energy's SOP is subject to oversight by the PUCT, which may request a copy of any SOP materials that CNP receives. Sensitive information submitted by the project sponsor to CNP will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. CenterPoint Energy will have no liability to any project sponsor or other party as a result of public disclosure of any submittals.

6. Implementation Procedures for Small Project Sponsors

6.1. Installation Period

Project sponsors are required to provide a daily work schedule via the Program database by 7:00 a.m. of that day's installation appointments. For weekend installation activities, the work schedule should be submitted by 3:00 p.m. Friday. This requirement will be strictly enforced in 2011. All installation appointments must be scheduled in advance, with the exception of limited "fill-in" appointments. Note that all inspection fill-in appointments require at least 1 hours advance notification.

One of the key requirements for small project sponsors is that they perform installations and report the installation data within 30 days of the date of incentive request.

An example of the implementation of a small project is as follows:

1. Project sponsor plans to install the following measures over a forty-five day period:
 - Air infiltration control
 - Duct sealing
 - Compact Fluorescent Lighting

2. Using the deemed savings tables, the kW and kWh savings are as follows:

Measure	kW Savings	kWh Savings
1. Air infiltration	0.21	634
2. Duct Sealing	4.90	7440
3. CFL	0.06	379
Totals	5.17 kW	8453 kWh

3. Using the incentive values of \$265 per kW and \$0.091 per kWh, the project sponsor calculates \$2,589.73 in incentives.
4. Project sponsor logs on to the Residential Program Web site, checks available funding, and can reserve up to \$5,000 in incentives, or the amount remaining under the small project sponsor's limit of \$8,000, whichever is less. This funding is reserved for 30 days.
5. Project sponsor installs these measures, and returns to the Web site within 30 days to report installation information. Any installations not submitted will be rolled over into the following month.
6. Project sponsors will not be allowed to make additional incentive reservations until an invoice has been submitted for measures installed using the existing incentive reservation.

6.2. Frequently-Asked Questions

What happens if I reserve incentive funding, but don't get to do the project, or what happens if I don't report the measure installation data within the 30-day period?

In Small Projects, reservations are limited to the project sponsor incentive limit and are reserved for 30 days. If the project is not completed and reported in the online tracking system within 30 days, the reserved funds are released and go back into the available funds for anyone to reserve. The project sponsor can find another project and reserve more funds if funds are available.

What if the measures I actually install are slightly different from what was described in the original Small Project application?

CenterPoint Energy will pay the project sponsor the incentive value of the measures actually installed, even if that amount is slightly higher or lower than the amount of incentive reserved. Small project sponsors may not install insulation or duct efficiency measures unless they have included the required information in their initial applications. Any lighting incentive caps or load factor limits will be based on the actual measure installations.

Do I have to give the incentive to the customer?

No. The project sponsor may use the incentive in any manner they see fit. In the Host Customer Agreement that the customer and the project sponsor are required to sign, the customer acknowledges that the project sponsor is receiving incentives through a ratepayer-funded program.

What happens if an installation doesn't pass inspection?

Inspection failures will result in a reduction in payment due the project sponsor. Multiple inspection failures may result in the termination of the project sponsor's contract. CNP reserves the right to limit the participation of any project sponsor in any future CNP program, based on inspection results.

6.3. Implementation Process

6.3.1. Add Customer Form

Upon completing the installations for a small project, the project sponsor should input the implementation information on the Program Web site as soon as possible. The following information is required for each small project completed:

I. Implementation:

1. Group ID - customer type (Single-Family, Multifamily or Mobile Home)
2. ESI ID number
3. First and Last Customer Name
4. Telephone number
5. Heating Type
6. Installation Type

Incentive requests will be calculated according to functions embedded in the official implementation reporting database and may not be modified by project sponsors.

Customer Approval Request

1. Check the boxes next to each customer to be submitted on invoice
2. Click Send Request

If the customer site is approved you will receive an email notification indicating the customer has been approved. At this point you will be able to enter an installation for the approved customer site.

Add Installation

1. Complete all installation information required.
2. Press Submit installation button.
3. If more than one measure per customer, repeat process
4. If there is an equipment information change for a particular customer, use the Edit / Delete Installation page.

6.3.2. Invoice Reporting

1. Click on Eligible Customer List – determine which customers to submit on invoice or select All.
2. Press Submit, a summary of the invoice will be provided. Enter the Invoice Number at the bottom of the page.
3. Print the Summary of the Invoice and provide a copy with the required paperwork.
4. Invoices must be received or postmarked by the 5th of each month.

6.3.3. Reporting Procedures for Ceiling Insulation

The deemed savings associated with a base R-value of zero will only be utilized for installations where there is no existing insulation of any kind. Project sponsors will also be required to check a box to affirm that an insulation installation certificate was permanently affixed near the attic opening. These certificates must comply with the Federal Trade Commission's Home Insulation Rule 460 (16 CFR 460).

CenterPoint Energy may adjust the incentive payment based on findings from field inspections.

7. Implementation Period Procedures for Large Project Sponsors

Installations should be completed on November 18th, 2011 so that all implementation data can be submitted to CNP no later than November 30th, 2011

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

7.1. Required Forms

The Public Utility Commission of Texas (PUCT) requires several forms:

1. *Host Customer Agreement (HCA)*. This is a standard agreement executed by the project sponsor and the host customer. It includes all the customer protection provisions and disclosures required by the PUCT. Project sponsors may download a pre-approved version from the Web site, or may draft their own HCA and submit it to CNP for approval. CenterPoint Energy requires that the project sponsor use an approved HCA, but does not require that copies of signed agreements be turned in to CNP.
2. *Residential Customer or and Multifamily Property Manager Acknowledgment*. These are forms in which the residential customer or multifamily property manager acknowledges that: the measures described in the Host Customer Agreement have been installed to his/her satisfaction; and that CNP is allowed to access to the host customer site. Project sponsors may draft their own Acknowledgement forms and submit them to CNP for approval, or they may download pre-approved versions from the Web site. Copies of signed Acknowledgements must be turned in with each installation report and invoice.

The Host Customer Agreement and the Customer Acknowledgment may be combined into one document.

7.2. Program Implementation Steps

After Project Acceptance:

SOP Agreement returned to CNP (unless otherwise informed no signature is required)

Prior to Marketing:

1. Certificate(s) of Insurance and proof of HERS Rating Certification (if project sponsor is proposing to install air infiltration or duct sealing measures) due
2. Submit draft Host Customer Agreement to CNP for approval, or download pre-approved Host Customer Agreement from Web site.
3. Submit draft Residential Customer and Multifamily Property Manager Acknowledgement forms to CNP for approval, or download pre-approved form from Web site.

Prior to Installation:

1. Provide a daily work schedule via the Program database by 7:00 a.m. of that day's installation appointments. For weekend installation activities, the work schedule should

be submitted by 3:00 p.m. Friday. All installation appointments must be scheduled in advance, with the exception of limited “fill-in” appointments.

2. If project is multifamily property of three or more dwelling units, submit proposed project to CNP for pre-approval. CenterPoint Energy will require up to ten days to approve project. No multifamily installations can occur before CNP provides its approval.
3. Have the customer sign the Host Customer Agreement

After Installation:

1. If air infiltration control, wall insulation, or duct sealing measures were installed, perform post-installation tests, as required.
2. Have residential customer or property manager sign the Acknowledgement.
3. Report installation data and submit invoice via Web site.

7.3. Required Monthly Submittals

7.3.1. Installation and Invoice

The primary reporting instrument is the Program web site. Reports for each month during the invoice period shall be provided to CNP by the 5th of each succeeding month.

Add Customer Form:

1. Group ID - Customer type (Residential, Multifamily or Mobile Home)
2. ESID (Electricity Service Identifier)
3. First and Last Customer name
4. Telephone number
5. Heating type
6. Installation Type

List of the measures to be installed. Incentive requests will be calculated according to functions embedded in the official implementation reporting database and may not be modified by project sponsors.

7. M&V activities

For project sponsors utilizing the Measured Savings Option, additional reports summarizing M&V activity are required.

Customer Approval Request

1. Check the boxes next to each customer to be submitted on invoice
2. Click Send Request

If the customer site is approved you will receive an email notification indicating the customer has been approved. At this point you will be able to enter an installation for the approved customer site.

Add Installation

1. Complete all installation information required.
2. Press Submit installation button.
3. If more than one measure per customer, repeat process
4. If there is an equipment information change for a particular customer, use the Edit / Delete Installation page.

7.3.2. Invoice Reporting

1. Click on Eligible Customer List – determine which customers to submit on invoice or select All.
2. Press Submit, a summary of the invoice will be provided. Enter the Invoice Number at the bottom of the page.
3. Print the Summary of the Invoice and provide a copy with the required paperwork in the order as they appear on the summary page. Failing to do so will result in the delay of processing.
4. Invoices must be received or postmarked by the 5th of each month.

7.3.3. Reporting Procedures for Ceiling Insulation

The deemed savings associated with a base R-value of zero will only be utilized for installations where there is no existing insulation of any kind. Project sponsors will also be required to check a box to affirm that an insulation installation certificate was permanently affixed near the attic opening. These certificates must comply with the Federal Trade Commission’s Home Insulation Rule 460 (16 CFR 460).

7.3.4. Monthly Project Invoices

The project sponsor should submit monthly invoices with the Customer Acknowledgment Form(s) by the tenth of each month. Please provide the Database-generated summary page of the incentive amount, kW and kWh impacts.

CenterPoint Energy may adjust the incentive payment based on findings from field inspections.

Project sponsors requesting payment for Deemed Savings Measures or Simplified M&V Measures may invoice CNP for 100% of eligible incentives based on deemed savings values for installed measures.

For installations involving Measured Savings, the project sponsor may request payment for 40% of the Estimated Measured Savings kW and kWh after submittal of the monthly PIR. Invoicing for “Post Performance Period” Measured Savings may be submitted after the Performance Period. (The length of the Performance Period will vary according to the types of measures installed and the project sponsor’s M&V Plan.) This invoice shall be for 60% of the Estimated Measured Savings kW and kWh, or for the balance of savings identified through measurement and verification, whichever is less. (Note: the Estimated Savings, expressed as the initial Estimated Incentive Payment, shall always be the cap for incentive payments.) Project sponsors shall refund any payments made in excess of the M&V-determined incentive amount that may have been paid upon initial measure installation reporting via the Project Implementation Report.

Payment terms are net 45 days.

7.4. Monthly Submittal Review Procedures

7.4.1. Administrative Review

Once the monthly report is submitted to CNP, it will be reviewed for accuracy. If any discrepancies are found in any of the reports, CNP will notify the project sponsor. The project sponsor shall have 10 business days from the date of CNP's notification to correct any discrepancies.

7.4.2. Installation Inspections

During the review process, CNP will take a random sample of customer sites and make field inspections to determine if each measure has been installed properly, and is capable of performing its intended function. All measures installed in the Residential SOP must conform to or exceed the standards listed in Appendix A. If measures installed do not meet these standards, they will not be eligible for incentives. The CNP inspector report on the customer site is final. There will be no "do-overs" or "re-testing" by CNP inspectors.

After field inspections are completed, all installations will be evaluated on a measure-by-measure basis to calculate an adjustment factor for energy savings and incentives. This adjustment factor will consider the ratio of savings of the measures that pass the inspection to the total incentive specified in the Measure Inspection Report and project application. The adjustment factor will then be applied to the incentive amount for payment. The algorithm for calculating the adjustment factor is described below:

$$\text{Adjustment Factor} = \frac{\text{Total incentives per measure that pass inspection}}{\text{Total incentives for all measures selected for inspection}}$$

This assumes all figures on the implementation report are correct. Any errors will be corrected prior to finalizing the adjustment factor.

In the event the project sponsor disagrees with the payment adjustment, the project sponsor may request that all information be reviewed again after additional clarifying information is provided by the project sponsor.

Three (3) or more failures of the same measure type will result in suspension of the project sponsor until further notice by CNP. This includes sub contractors.

7.5. Project Milestone

Measure installations resulting in at least 50% of the project sponsor's total estimated incentive payments must be completed by June 5, 2011. Measure installations resulting in at least 80% of the project sponsor's total estimated incentive payments must be completed by September 5, 2011.

CenterPoint Energy reserves the right to withdraw some or all of the project sponsor's budget reservation for failure to achieve the applicable milestone.⁴ For project sponsors who fail to meet the milestone, but who have achieved a substantial percentage of their milestone goal, CNP may withdraw Budget Reservation according to the percentage below the 50% or 80%

⁴ For the purpose of measuring a project sponsor's progress towards achieving its milestone, CNP will include 100% of all projected savings (deemed or measured) for each completed installation.

milestone. For example, if a project sponsor has only achieved 30% of the goal by the end of the 50% milestone period, 20% of the incentive Budget Reservation for that project sponsor may be withdrawn. However, in the event the project sponsor has achieved little or no progress toward achieving the goal by the end of the milestone period, CNP reserves the right to withdraw the project sponsor's entire Budget Reservation.

8. Performance Period

Please note: Chapter Eight provides information to project sponsors who are installing measures for which the Measured Savings Option has been selected. Project sponsors who are installing measures entirely under the Deemed Savings Option do not need to follow any of the procedures outlined in this chapter.

8.1. Introduction

If the project sponsor specified the Measured Savings option in the project application, it must perform measurement and verification (M&V) procedures that are specified in the International Performance Measurement Verification Protocol (IPMVP). Further, these M&V procedures must conform to the M&V plan that was submitted with the Sponsor's Project Application and reviewed by CNP as part of the Project Application review process.

This protocol contains four methodologies that the project sponsor can use to perform the necessary M&V.

8.2. The Performance Report

The project sponsor must submit a Performance Report within 45 days after the Performance Period has ended. The length of the Performance Period will vary based on the types of measures installed--generally one year for HVAC or building envelope measures, with shorter Performance Periods possible for non weather-dependent measures. This report must contain the following components.

8.2.1. M&V Methodology Description

This is a description of the particular analysis technique (IPMVP Option A, B, C or D) used to determine baseline and post-installation energy consumption. The information should summarize the project sponsor's M&V Plan that is outlined in the Measured Savings Procedures document that can be downloaded from the Program Web site. This report should be formatted so as to facilitate CNP's review.

8.2.2. Performance Payment Calculations

Provide pre- and post-installation energy use calculations, including a complete description of any adjustments to baseline energy use, including all variables and assumptions used in baseline adjustment calculation methodology. Include results of metering, billing data analysis, or other calculations.

The performance payment will be equal to the performance incentive payments minus payments made during the implementation period. This payment will also take into account any adjustments CNP found necessary to perform during site inspections. The performance payments and implementation payments cannot exceed payments for incentives applied for under the project application and specified in the program agreement. When the project sponsor determines the kW and kWh savings for all the approved measures by the specified M&V analysis, the result would be multiplied by the appropriate incentives to determine the performance period incentive payment. Payments will be based on verified savings analysis and

weighted-average incentive rates that reflect incentive rates for the project's actual mix of measures. Refer to Section 3 for incentive levels.

CenterPoint Energy will review the Performance Report's measured kW and kWh savings, and incentive amounts. These figures will be compared to those figures provided in the monthly invoice to ensure all figures are reasonable and consistent with the Project Application.

CenterPoint Energy will determine the approved performance payment by adding the performance year savings incentive for the measures installed, and subtracting all payments made for the Implementation Period.

Total Incentive payments cannot exceed the total eligible payments which are estimated in the project sponsor's project application and SOP agreement.

If there are any adjustments to be made to kW or kWh savings or incentive payments, CNP will notify the project sponsor in writing and provide the necessary supporting documentation. If the project sponsor disagrees with the adjustments, it must notify CNP in writing and request a meeting between the two parties be conducted to resolve the disputed adjustment(s). If the two parties cannot resolve these issues, the dispute resolution process provided in the Residential SOP Agreement must be utilized.

8.3. Performance Period Invoice

Project sponsors may submit their Performance Period Invoice along with the Performance Report, as specified above. CenterPoint Energy will review the Performance Report and pay any undisputed performance period incentive amounts within 45 days.

Appendix A

Deemed Savings and Installation Standards

Table of Contents

INTRODUCTION 1

GENERAL INSTALLATION STANDARDS..... 1

CENTRAL AIR CONDITIONER REPLACEMENT 1

HEAT PUMP REPLACEMENT 4

GROUND SOURCE HEAT PUMP..... 6

WINDOW AIR CONDITIONERS 7

SPLIT SYSTEM AND SINGLE-PACKAGE AIR CONDITIONERS BETWEEN 65,000 BTU/H AND 240,000 BTU/H 8

SPLIT SYSTEM AND SINGLE PACKAGE HEAT PUMP SYSTEMS BETWEEN 65,000 BTU/H AND 240,000 BTU/H 9

CEILING INSULATION 10

WALL INSULATION 11

FLOOR INSULATION 12

ENERGY STAR® WINDOWS 13

AIR INFILTRATION 14

SOLAR SCREENS 16

DUCT EFFICIENCY IMPROVEMENT 16

WATER HEATER REPLACEMENTS – HIGH EFFICIENCY AND FUEL SUBSTITUTION 20

WATER HEATER JACKETS..... 22

WATER HEATER PIPE INSULATION 23

LOW-FLOW SHOWERHEADS 23

FAUCET AERATORS 25

ENERGY STAR CEILING FANS..... 25

ENERGY STAR CLOTHES WASHERS..... 26

ENERGY STAR DISHWASHERS 27

ENERGY STAR REFRIGERATORS 28

COMPACT FLUORESCENT LAMPS..... 29

WATER HEATING REPLACEMENTS - SOLAR WATER HEATING..... 30

SOLAR ELECTRIC (PHOTOVOLTAIC) ENERGY SYSTEMS 32

ADDENDUM A: DUCT DEEMED SAVINGS LOOKUP TABLES..... **A-ERROR! BOOKMARK NOT DEFINED.**

 ZONE 1: PANHANDLE REGION **A-ERROR! BOOKMARK NOT DEFINED.**

 ZONE 2: NORTH REGION **A-ERROR! BOOKMARK NOT DEFINED.**

 ZONE 3: SOUTH REGION..... **A-ERROR! BOOKMARK NOT DEFINED.**

 ZONE 4: VALLEY REGION..... **A-ERROR! BOOKMARK NOT DEFINED.**

DEEMED SAVINGS

All Residential and Hard-To-Reach SOP Measures for Texas Programs

INTRODUCTION

This document contains all of the approved energy and peak demand deemed savings values established for energy efficiency programs in Texas. The figures correspond with the set of residential and small commercial sector deemed savings values approved by the Public Utility Commission of Texas in Project No. 22241. A more detailed description of the methodology used to calculate these savings is found in the Petitions, which may be found at: www.puc.state.tx.us/electric/projects/22241/22241.cfm.

Separate deemed savings values have been calculated for homes with electric air conditioning / gas heat, for electric air conditioning / electric resistance heat, and for heat pumps.

For climate-sensitive energy efficiency measures, separate calculations have been performed for four different regions of the state:

- Panhandle Region - using typical weather information for Amarillo or Oklahoma City (for windows only).
- North Region - using typical weather information for Dallas or Fort Worth.
- South Region - using typical weather information for Houston or San Antonio (for windows only).
- Valley Region - using typical weather information for Corpus Christi or Brownsville (for windows).

General Installation Standards

Equipment must exceed applicable federal energy standards adopted at the time the Project Sponsor submits the project application.

No used or reconditioned equipment shall be qualified for incentives. All equipment shall be new.

Project Sponsor must follow all state and local building codes. Project Sponsor shall be responsible for licenses, building permits and inspections. Any fees/payments for licenses, building permits, and inspections shall be paid by the Project Sponsor.

CENTRAL AIR CONDITIONER REPLACEMENT

Measure

Residential retrofit of an existing central air conditioning system with a new central air conditioning system in an existing building or the installation of a new central air conditioning system in a new residential construction. A new central air conditioning system includes an entire packaged unit, or a split system consisting of an indoor unit with a matching remote condensing unit. Maximum cooling capacity per unit is 65,000 Btu/hour.

Baseline

In new construction, the baseline is assumed to be a new central air conditioning system with an ARI-listed SEER rating of 13.0. For retrofit installations, the baseline is assumed to be 12.44. This value incorporates an adjustment to the baseline SEER value to reflect the percentage of current non-program replacements that do not include the installation of an ARI-matched condensing unit and evaporator coil.

Installation & Efficiency Standard

Installation & Efficiency Standard

Air conditioning equipment shall be properly sized to dwelling based on ASHRAE or ACCA Manual J standards.

Manufacturer data sheets on installed air conditioning equipment or ARI reference numbers must be provided.

The central air conditioning equipment must meet the following standard:

- Minimum ARI-listed SEER rating of 14.00
- Minimum ARI-listed EER of 11.5
- Heat pumps must have a minimum ARI-listed HSPF rating of 8.2

Deemed Savings

Central Air Conditioner

Climate Zone 3: South Region, Houston Weather Data

Demand Savings (kW) for 13.0 SEER New Construction Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	0.13	0.15	0.17	0.23	0.29	0.30
2.0	0.17	0.20	0.23	0.30	0.39	0.41
2.5	0.21	0.25	0.29	0.38	0.49	0.51
3.0	0.25	0.30	0.35	0.46	0.58	0.61
3.5	0.30	0.35	0.41	0.53	0.68	0.71
4.0	0.34	0.40	0.46	0.61	0.78	0.81
5.0	0.42	0.50	0.58	0.76	0.97	1.02

Energy Savings (kWh) for 13.0 SEER New Construction Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	361	506	650	758	1,042	1,118
2.0	481	674	867	1,011	1,389	1,490
2.5	601	843	1,084	1,264	1,737	1,863
3.0	722	1,011	1,301	1,517	2,084	2,235
3.5	842	1,180	1,518	1,770	2,431	2,608
4.0	962	1,348	1,734	2,023	2,778	2,980
5.0	1,203	1,685	2,168	2,528	3,473	3,725

Central Air Conditioner

Climate Zone 3: South Region, Houston Weather Data

Demand Savings (kW) for 12.44 SEER Retrofit Baseline- Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	0.19	0.22	0.24	0.29	0.36	0.37
2.0	0.26	0.29	0.32	0.39	0.48	0.50
2.5	0.32	0.36	0.40	0.49	0.60	0.62
3.0	0.39	0.44	0.48	0.59	0.72	0.74
3.5	0.45	0.51	0.56	0.69	0.84	0.87
4.0	0.52	0.58	0.64	0.79	0.96	0.99
5.0	0.65	0.73	0.80	0.98	1.20	1.24

Energy Savings (kWh) for 12.44 SEER Retrofit Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	522	667	811	919	1,203	1,278
2.0	696	889	1,082	1,226	1,604	1,705
2.5	870	1,111	1,352	1,532	2,005	2,131
3.0	1,043	1,333	1,623	1,839	2,406	2,557
3.5	1,217	1,555	1,893	2,145	2,807	2,983
4.0	1,391	1,777	2,163	2,452	3,208	3,409
5.0	1,739	2,222	2,704	3,065	4,009	4,261

HEAT PUMP REPLACEMENT

Measure

Residential retrofit of an existing central heat pump system with a new central heat pump system in an existing building or the installation of a new central heat pump system in a new residential construction. A new central heat pump system includes an entire packaged unit, or a split system consisting of an indoor unit with a matching remote condensing unit. Maximum cooling capacity per unit is 65,000 Btu/hour.

All measure installation standards and baseline data from the central air conditioner measure shall apply to the heat pump measure.

Baseline

In new construction, the baseline is assumed to be a new heat pump system with an ARI-listed SEER rating of 13.0 and an HSPF of 7.7. For retrofit installations, the baseline is assumed to be 12.44 SEER and 7.7 HSPF. This value incorporates an adjustment to the baseline SEER value (cooling only) to reflect the percentage of current non-program replacements that do not include the installation of an ARI-matched condensing unit and evaporator coil.

Installation & Efficiency Standard

Equipment shall be properly sized to dwelling based on ASHRAE or ACCA Manual J standards.

Manufacturer data sheets on installed air conditioning equipment or ARI equivalent combined compressor and coil HSPF must be provided to the utility in the Implementation Report.

Heat pumps shall have a minimum SEER of 14.00 and an HSPF of 8.2.

Deemed Savings

Heat Pump (Cooling Only – See Separate Heating Tables)

Climate Zone 3: South Region, Houston Weather Zone

Demand Savings (kW) for 13.0 SEER New Construction Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	0.12	0.16	0.19	0.20	0.22	0.30
2.0	0.17	0.21	0.26	0.27	0.29	0.40
2.5	0.21	0.27	0.32	0.33	0.37	0.51
3.0	0.25	0.32	0.39	0.40	0.44	0.61
3.5	0.29	0.37	0.45	0.47	0.51	0.71
4.0	0.33	0.42	0.52	0.53	0.59	0.81
5.0	0.41	0.53	0.65	0.67	0.73	1.01

Energy Savings (kWh) for 13.0 SEER New Construction Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	337	488	638	875	931	1,099
2.0	450	650	850	1,166	1,241	1,466
2.5	562	813	1,063	1,458	1,551	1,832
3.0	675	975	1,275	1,749	1,861	2,199
3.5	787	1,138	1,488	2,041	2,171	2,565
4.0	900	1,300	1,700	2,332	2,481	2,931
5.0	1,125	1,625	2,125	2,915	3,102	3,664

Heat Pump (Cooling Only – See Separate Heating Tables)

Climate Zone 3: South Region, Houston Weather Zone

Demand Savings (kW) for 12.44 SEER Retrofit Baseline- Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	0.19	0.23	0.26	0.27	0.29	0.37
2.0	0.25	0.30	0.35	0.36	0.38	0.49
2.5	0.32	0.38	0.43	0.44	0.48	0.62
3.0	0.38	0.45	0.52	0.53	0.57	0.74
3.5	0.45	0.53	0.61	0.62	0.67	0.86
4.0	0.51	0.60	0.70	0.71	0.76	0.99
5.0	0.64	0.75	0.87	0.89	0.96	1.23

Energy Savings (kWh) for 12.44 SEER Retrofit Baseline - Zone 3

Size (tons)	SEER Range					
	14.0-14.4	14.5-14.9	15.0-15.9	16.0-16.9	17.0-17.9	18+
1.5	495	645	795	1,032	1,088	1,257
2.0	660	860	1,060	1,376	1,451	1,676
2.5	825	1,075	1,325	1,720	1,813	2,095
3.0	990	1,290	1,590	2,064	2,176	2,513
3.5	1,155	1,505	1,855	2,408	2,539	2,932
4.0	1,320	1,720	2,120	2,752	2,901	3,351
5.0	1,650	2,150	2,650	3,440	3,627	4,189

Heat Pump – Energy Savings (Heating kWh Only), Climate Zone 3					
HSPF Range					
Size (tons)	8.2 - 8.3	8.4 - 8.5	8.6 - 8.7	8.8 - 8.9	9.0 - 9.1
1.5	69	93	117	141	164
2.0	92	124	156	187	218
2.5	115	155	195	234	273
3.0	138	186	234	281	327
3.5	161	217	273	328	382
4.0	184	248	312	375	436
4.5	207	279	351	422	491
5.0	230	310	390	468	546

GROUND SOURCE HEAT PUMP

Measure

The following tables present the proposed deemed savings values for ground source heat pumps for each of the four climate zones. The deemed savings are dependent upon the energy efficiency rating (EER) of the equipment, and are presented as kWh and kW savings per ton installed. Deemed savings values are calculated based on replacement of an existing 13.0 SEER air source heat pump with minimum 8.0 HSPF. These values represent all demand and energy savings that may be assigned a ground source heat pump.

Baseline

Only ground source heat pumps that replace an existing air source heat pump, ground source heat pump system, or other combination of electric heating and cooling systems are eligible for these deemed savings. Deemed savings values are calculated based on replacement of an existing 13.0 SEER air source heat pump with minimum 8.0 HSPF.

Installation & Efficiency Standard

The ground source heat pump must meet a minimum ENERGY STAR[®] criteria of 14.0 EER (ISO/ARI 13256-1) in order to be eligible for these deemed savings. The deemed savings apply to units with a capacity of $\leq 65,000$ BTUs/Hr.

Deemed Savings

Climate Zone 3 – South Region

Ground Source Heat Pumps – Climate Zone 3		
Climate Zone 3 - with desuperheaters		
GSHP Efficiency	Energy savings [kWh/ton]	Demand savings [kW/ton]
Low (less than 17 EER)	1,030	0.52
High (17 EER and above)	1,114	0.50
Climate Zone 3 - without desuperheaters		
Low (less than 17 EER)	218	0.06
High (17 EER and above)	322	0.15

WINDOW AIR CONDITIONERS

Measure

The following deemed savings values would be applicable in calculating an incentive for a room air conditioner replaced with a higher efficiency room air conditioner in a dwelling occupied by a residential energy consumer. Deemed savings for window air conditioners are only applicable to customers under the “hard-to-reach” template.

Baseline

Baseline is assumed to be a new air conditioning unit with an EER rating that meets current NAECA standard. Current NAECA EER standard varies from 8.5 to 9.8 depending on the type and capacity of unit. Minimum cooling capacity is 5,000 Btu/hour, and the maximum is 25,000 Btu/hour.

Installation & Efficiency Standard

Units meeting current ENERGY STAR[®] specification qualify for incentive. This specification is 10% above the new NAECA standard for all categories.

Deemed Savings

Demand Savings (kW) – All Climate Zones

Window Air Conditioners – Demand Savings, All Climate Zones					
	Federal	10% Above	kW	15% Above	kW
Size (BTU/Hr)	Standard (EER)	Standard (EER)	Savings	Standard (EER)	Savings
Less than 6,000	9.7	10.7	0.054	11.2	0.078
6,000-7,999	9.7	10.7	0.058	11.2	0.083
8,000-13,999	9.8	10.8	0.111	11.3	0.160
14,000-19,999	9.7	10.7	0.150	11.2	0.215
20,000 and above	8.5	9.4	0.257	9.8	0.368

Energy Savings (kWh)

Climate Zone 3: South Region

Window Air Conditioners – Energy Savings, Climate Zone 3					
	Federal	10% Above	kWh	15% Above	kWh
Size (BTU/Hr)	Standard (EER)	Standard (EER)	Savings	Standard (EER)	Savings
Less than 6,000	9.7	10.7	93	11.2	134
6,000-7,999	9.7	10.7	100	11.2	143
8,000-13,999	9.8	10.8	191	11.3	274
14,000-19,999	9.7	10.7	257	11.2	369
20,000 and above	8.5	9.4	440	9.8	632

SPLIT SYSTEM AND SINGLE-PACKAGE AIR CONDITIONERS BETWEEN 65,000 BTU/H AND 240,000 BTU/H

Measure

The following deemed savings values could be used to calculate an incentive for replacing an existing central air conditioner with a premium efficiency central air conditioner through a standard offer program.

Baseline

Baseline is assumed to be a new central air conditioning system with an EER of 8.9 for units up to 135,000 Btu/h, and 8.5 for units between 135,000 Btu/h and 240,000 Btu/h.

Installation & Efficiency Standard

Minimum standard for units up to 135,000 Btu/h is 10.0 EER and 9.5 EER for units between 135,000 Btu/h and 240,000 Btu/h.

Deemed Savings

Units greater than 65,000 Btu/h and less than 135,000 Btu/h

For units greater than 65,000 Btu/h and less than 135,000 Btu/h	
Zone 3	
kW per	kWh per
EER-Ton	EER-Ton
0.11	392

Units greater than 135,000 Btu/h and less than 240,000 Btu/h

For units greater than 135,000 Btu/h and less than 240,000 Btu/h	
Zone 3	
kW per	kWh per
EER-Ton	EER-Ton
0.12	284

Deemed Savings Example

New unit is a 10-ton package rooftop unit with an EER of 10.5 installed in Zone 2. Baseline EER is 8.9 for units less than 135,000 Btu/h.

From the table above, select deemed savings values of 0.10 kW/ton and 309 kWh/ton.

$$\text{KW savings} = 0.10 * (\text{Unit EER} - \text{Baseline EER}) * \text{tons}$$

$$\text{KW savings} = 0.10 * (10.5 - 8.9) * 10 = 1.6 \text{ kW}$$

$$\text{KWh savings} = 309 * (\text{Unit EER} - \text{Baseline EER}) * \text{tons}$$

$$\text{KWh savings} = 309 * 1.6 * 10 = 4,944 \text{ kWh}$$

SPLIT SYSTEM AND SINGLE PACKAGE HEAT PUMP SYSTEMS BETWEEN 65,000 BTU/H AND 240,000 BTU/H

Measure

The following tables provide annual heating kWh energy savings. Additional cooling savings are based on the heat pump's EER, and are the same values as for an air conditioning system of the same cooling capacity and EER. Please refer to the Split System and Single-Package Air Conditioning System Measure for those values.

Only installations which replace an existing split system or single package heat pump system or other electric heating system are eligible to receive this annual heating savings component of the deemed energy savings.

Baseline

Baseline is assumed to be a new rooftop package or split system heat pump system. For units with cooling capacities between 65,000 Btu/h and 135,000 Btu/h, the baseline is a coefficient of performance (COP) of 3.0 (current ASHRAE 90.1 standard). For units with cooling capacities between 135,000 Btu/h and 240,000 Btu/h, the baseline is a coefficient of performance (COP) of 2.9 (current ASHRAE 90.1 standard).

Installation & Efficiency Standard

For units with cooling capacities between 65,000 Btu/h and 135,000 Btu/h, there are two efficiency levels for which deemed energy savings have been calculated:

- 3.2 is ASHRAE 90.1-1999 / Consortium for Energy Efficiency (CEE) Tier 1 Standard.
- 3.4 is ASHRAE 90.1-1999 / CEE Tier 2 Standard.

For units with cooling capacities between 135,000 Btu/h and 240,000 Btu/h, the two efficiency levels for which deemed energy savings have been calculated are as follows:

- 3.1 is ASHRAE 90.1-1999 / Consortium for Energy Efficiency (CEE) Tier 1 Standard.

- 3.3 is ASHRAE 90.1-1999 / CEE Tier 2 Standard.

Deemed Savings – Heating

Energy Savings

Units greater than 65,000 Btu/h and less than 135,000 Btu/h

Annual Heating Savings:

For units greater than 65,000 Btu/h and less than 135,000 Btu/h				
COP	Zone 1	Zone 2	Zone 3	Zone 4
	kWh per Ton	kWh per Ton	kWh per Ton	kWh per Ton
3.2	342	121	53	38
3.4	674	232	101	72

Ton = Cooling Ton

Units greater than 135,000 Btu/h and less than 240,000 Btu/h

Annual Heating Savings:

For units greater than 135,000 Btu/h and less than 240,000 Btu/h				
COP	Zone 1	Zone 2	Zone 3	Zone 4
	kWh per Ton	kWh per Ton	kWh per Ton	kWh per Ton
3.1	372	79	30	20
3.3	730	132	58	39

Ton = Cooling Ton

Demand Savings

For this measure, the deemed kW savings are based on the heat pump's EER, and are the same values as for a split system or single-package air conditioning system of the same capacity and EER. Please refer to the Split System and Single-Package Air Conditioning System Measure for those values.

CEILING INSULATION

Measure

Ceiling insulation savings are per square foot of treated ceiling area above a conditioned space. Ceiling insulation must be added only to homes with electric air conditioning or HTR homes with evaporative cooling systems to qualify for these deemed savings values.

Baseline

In existing construction, ceiling insulation levels vary greatly depending on the age of the home, type of insulation, and activity in the attic (such as using the attic for storage and HVAC equipment). Deemed savings tables are based on the current level of ceiling insulation in the home from R-0 to R-22. The current insulation level of each home will be determined and documented by the insulation installer. Degradation due to age and density of the existing insulation should be taken into account.

In the event that existing insulation is or has been removed, the existing R-value will be based upon the R-value of the existing insulation prior to removal.

Installation & Efficiency Standard

A ceiling insulation level of R-30 is recommended throughout Texas as prescribed by DOE. The combined R-values of the existing insulation and the insulation being added will total at least R-30. The R-value of the existing insulation can be no greater than R-22.

Deemed Savings

Climate Zone 3 - South Region					
Ceiling Insulation					
	kWh Savings	kWh Savings	kWh Savings	Summer Peak kW Savings	
Ceiling Insulation Base R-value	Gas Heat	Electric Heat	Heat Pump	Gas Heat & Electric Heat	Heat Pump
	(per sq. ft.)	(per sq. ft.)	(per sq. ft.)	(per sq. ft.)	(per sq. ft.)
R-0	1.00	4.40	2.14	0.000973	0.000973
R-1 to R-4	0.64	2.81	1.40	0.000608	0.000622
R-5 to R-8	0.32	1.38	0.70	0.000297	0.000297
R-9 to R-14	0.17	0.72	0.36	0.000153	0.000153
R-15 to R-22	0.07	0.30	0.15	0.000074	0.000074

WALL INSULATION

Measure

Wall insulation savings are per square foot of treated wall area (gross wall area less window and door area), and are based on R-0 increased to R-13. Wall insulation must be added only to homes with electric air conditioning or HTR homes with evaporative cooling systems to qualify for these deemed savings values.

Baseline

The baseline is considered to be a house with no wall insulation in the 4" wall cavity.

Installation & Efficiency Standard

The standard throughout Texas for adding wall insulation to an existing wall cavity is R-13, as prescribed by United States Department of Energy (DOE) and Texas Department of Housing and Community Affairs (TDHCA) programs. To qualify for the incentive, there must be no existing wall insulation.

Under the Hard-To-Reach template, wall insulation reduces the ventilation rate in the home and therefore a post-installation blower door test must be conducted. Results must comply with the Minimum Final Ventilation Rate table found in the Air Infiltration section of this document.

Deemed Savings

Climate Zone 3: South Region

Wall Insulation – Climate Zone 3				
Electric A/C Gas Heat kWh Savings per sq. ft.	Electric A/C Electric Heat kWh Savings per sq. ft.	Electric A/C Heat Pump kWh Savings per sq. ft.	Summer Peak kW Savings per sq. ft.	
			Gas Heat & Electric Heat	Heat Pump
0.24242	4.529	1.726	0.0006734	0.0006734

FLOOR INSULATION

Measure

Floor insulation savings are per square foot of treated floor area above a non-conditioned space. Floor insulation must be added only to existing homes with electric air conditioning or HTR homes with evaporative cooling systems to qualify for these deemed savings values.

Baseline

The baseline is considered to be a house with pier and beam construction and no floor insulation against the floor of conditioned area.

Installation & Efficiency Standard

A floor insulation level of R-19 is recommended for site-built homes throughout Texas as prescribed by DOE and TDHCA programs. To qualify for the incentive, there must be no existing floor insulation. Batt insulation is recommended in most cases and must have the vapor barrier installed facing up and against the floor or conditioned area. Insulation should be attached or secured so that it remains in place for at least 10 years.

Typical floor construction depth of manufactured homes usually does not allow R-19 batt to be installed within the floor joists so R-15 loose-fill insulation is recommended by TDHCA.

A minimum of 24” clearance from bottom of the insulation to the ground is required by Occupational Safety and Health Association (OSHA).

Deemed Savings

Climate Zone 3: South Region

Floor Insulation - Climate Zone 3				
Electric A/C And Heating Type	Site Built Home		Manufactured Home	
	kWh Savings per sq. ft.	Summer Peak kW Savings per sq. ft.	kWh Savings per sq. ft.	Summer Peak kW Savings per sq. ft.
Gas Heat	No Savings	0.000216	No Savings	0.000266
Electric Heat	1.70757	0.000216	1.65891	0.000266
Heat Pump	0.58324	0.000216	0.55718	0.000266

ENERGY STAR[®] WINDOWS

Measure

ENERGY STAR[®] windows savings are per square foot of window, inclusive of frame and sash. Windows must be installed only in homes with electric air conditioning or HTR homes with evaporative cooling systems to qualify for these deemed savings values.

Baseline

The baseline is a double-glazed (i.e., double-pane), clear window with an aluminum frame, with a U-factor of 0.87, a solar heat gain coefficient (SHGC) of 0.66, and air infiltration of 1 cfm/ft².

Installation & Efficiency Standard

For a window to qualify for these deemed savings, it must meet ENERGY STAR[®] criteria anywhere in the state, it must have a U-factor less than or equal to 0.40 and a Solar Heat Gain Coefficient (SHGC) less than or equal to 0.40.

Deemed Savings

ENERGY STAR® WINDOWS		
	kWh Savings per sq. ft.	kW Savings per sq. ft.
Climate Zone 3: South Region		
Installed in home with non-electric heating	3.81	0.0024
Installed in home with electric resistance heating	6.48	0.0024
Installed in home with heat pump	5.26	0.0024

AIR INFILTRATION

Measure

This measure reduces air infiltration into the residence, using pre- and post-treatment blower door air pressure readings to confirm air leakage reduction. Homes treated for air infiltration reduction must have electric air conditioning to qualify for these deemed savings values.

Blower door air pressure measurements will also be used to ensure that air infiltration in a residence shall not be less than the standards set forth in the following table:

Minimum Final Ventilation Rate*

Shielding	Number of Stories		
	Single Story	Two Story	3 or More Stories
Well shielded	1.18	0.95	0.83
Normal	0.99	0.79	0.69
Exposed	0.89	0.71	0.62

* Measured in cubic feet per minute at 50 Pascal per square foot of conditioned area.

Well Shielded is defined as urban areas with high buildings or sheltered areas, and building surrounded by trees, bermed earth, or higher terrain.

Normal is defined as buildings in a residential neighborhood or subdivision setting, with yard space between buildings. 80-90% of houses fall in this category.

Exposed is defined as buildings in an open setting with few buildings or trees around and buildings on top of a hill or ocean front, exposed to winds.

As an example, the minimum post-installation air exchange rate for an 1800 square foot, one-story home with normal shielding is 1782 CFM₅₀ (1800 x 0.99). In order to qualify for the air infiltration control deemed savings, there must be a minimum 10% reduction between the pre- and post-installation ventilation rate. Therefore, the pre-installation ventilation rate must be at least 1960 CFM₅₀ (1782 x 110%) in order to be considered for air infiltration control measures.

Baseline

For residential dwellings, the winter/summer air change per hour (ACH) differential was derived from ESPRE model weather data for the Panhandle (Amarillo weather), North (Dallas weather), South (Houston weather), and Valley (Corpus Christi weather) climate zones. Electric air conditioning was assumed for all homes, with gas, electric or heat pump heating.

Air Infiltration Values (ACH)		
Region	Winter ACH	Summer ACH
Panhandle	1.25	0.96
North	0.94	0.49
South	0.86	0.54
Valley	0.95	0.94

Installation & Efficiency Standard

To qualify for an incentive, a minimum air leakage reduction of 10% of the pre-installation reading is required. Utilities may require competency testing of personnel who will perform the blower door tests.

Deemed Savings

The following formula shall be used to calculate deemed savings for infiltration efficiency improvements. The formula applies to Residential and Hard-to-Reach single family and multifamily dwellings, and to all building heights and shielding factors. Only structures with electric refrigerated air conditioning systems are eligible.

Deemed Savings: $CFM_{50} * V$

Where:

CFM_{50} = Air infiltration reduction in Cubic Feet per Minute at 50 Pascal

V = the corresponding value in the following table:

Region	KWh Impact per CFM₅₀ Reduction			KW Impact per CFM₅₀ Reduction
	Gas Heat	Resistance Heat	Heat Pump Heat	
Panhandle	0.1262	1.6673	0.7933	0.00024
North	0.1929	1.0565	0.5046	0.00019
South	0.2694	0.7945	0.4438	0.00026
Valley	0.6268	0.9732	0.7368	0.00043

SOLAR SCREENS

Measure

This measure is for customers with electric air conditioning or evaporative cooling under the Hard-To-Reach Program template. Solar screen must be installed on windows facing predominately east or west and receive significant direct sun exposure. Solar screens that block at least 65% of the solar heat gain qualify for deemed savings. Deemed savings are per square foot of window or door opening.

Baseline

The baseline prototype home modeled is similar to other deemed savings models and is 1,850 ft² with window area equal to 10.2% of the floor area. This proportion represents window area equal to approximately 14% of the wall area. The base SHGC is 0.75 representing the average from RESFEN¹ (0.76) and the NFRC² 900 (0.74) database for a single pane, clear glass window with an aluminum frame. This includes a factor to represent statistically average solar gain reduction for a generic house from overhangs, trees, obstructions, adjacent buildings, insect screen, interior shades, dirt on glass pane, etc.

Installation & Efficiency Standard

To qualify for solar screen deemed savings, windows must be facing predominately east or west and receive significant direct sun exposure. Solar screen material must reduce solar heat gain by at least 65%.

Deemed Savings

Solar Screens				
Weather Zone	Electric AC Gas Heat Avg. kWh Savings per sq. ft.	Electric AC Electric Heat Avg. kWh Savings per sq. ft.	Electric AC Heat Pump Avg. kWh Savings per sq. ft.	Summer Peak Avg. kW Savings per sq. ft.
3	5.82998	3.78803	4.72758	0.001590

Duct Efficiency Improvement

Measure

These deemed savings values are applicable to measures which seal leaks in supply and return ducts and repair or reinsulate ducts of existing homes and small commercial converted residences that have central electric air conditioning or heat pumps.

¹ Residential Fenestration software for calculating heating and cooling energy use in residential buildings.

² National Fenestration Research Council.

CenterPoint Energy will employ the following procedure to ensure that savings result from the duct efficiency measure. CenterPoint Energy may establish other requirements to ensure that savings result from the measure.

1. To ensure that the deemed savings are an accurate reflection of the program's impacts, pre-retrofit leakage rates shall be limited to 35% of total fan flow³ for the purposes of the savings calculation. Higher pre-retrofit leakage rates may be submitted, but savings calculations used to determine incentive payments will never use more than a 35% pre-retrofit leakage rate.
2. When a majority of the supply and return is in an unconditioned space, CenterPoint Energy may inspect for adequate treatment, or may conduct a standard (e.g., Duct Blaster™) leakage test to verify that the total duct leakage does not exceed the applicable maximum post-installation leakage rate taken from the following table. See following definitions of "conditioned space" and "majority."
3. When a majority of ducts and returns are in a conditioned space (as defined herein), or it cannot be determined that a majority of ducts and returns are in an unconditioned space, the measure is not applicable, unless the Project Sponsor documents pre- and post-installation leakage-to-outside rates, via testing conducted and documented in accordance with one of the procedures laid out below. CenterPoint Energy may inspect for adequate treatment, or may conduct standard leakage-to-outside tests to verify that the leakage rate from unconditioned space does not deviate from the reported post-installation leakage rate. See the following definitions of "unconditioned space," and "leakage-to-outside tests."

Definitions:

Unconditioned space: space within a building that is not conditioned space. See ASHRAE 90.2-2001 (Low-Rise Residential) or 90.1-1999 (Buildings Except Residential Low Rise). The definitions set forth below assume the structure meets the definition of a low-rise residential building as set forth in the ASHRAE Standard 90.2-2001 Scope (Section 2). ASHRAE Standard 90.1-1999 will be used for commercial applications.

Conditioned Space: cooled space, heated space, or indirectly conditioned space:

Cooled space: enclosed space within a building that is cooled by a cooling system whose sensible capacity exceeds 5 Btu/(h-ft²) or is capable of maintaining a space drybulb temperature of 90°F or less at design cooling conditions.

Heated space: enclosed space within a building that is heated by a heating system

³Engineering calculations show that the interior temperatures in a home with 35% duct leakage would be above 80 degrees. This is well above the "thermally acceptable" comfort levels published by ASHRAE in their 2009 Fundamentals publication. Homeowners would likely take steps to remedy the situation independent of the program long before it reaches these leakage levels. To ensure that the deemed savings are an accurate reflection of the program's impacts, duct efficiency improvements in the Standard Offer Programs target scenarios where, absent the program, leakage conditions are likely to persist unaddressed for several years. Data from nearly 28,000 single-family and mobile home duct blaster tests conducted for duct efficiency improvements in Texas between 2003 and 2006 shows that more than 70% of all pre-retrofit leakage rates (one standard deviation) fall below 38% total leakage, which would equate to a leakage-to-outside leakage rate of well below 35%.

whose output capacity exceeds 10 Btu/(h·ft²) or is capable of maintaining a space drybulb temperature of 50°F or more at design heating conditions.

Indirectly conditioned space: enclosed space within a building that is not heated or cooled space, whose area-weighted heat transfer coefficient to heated or cooled space exceeds that to the outdoors or to unconditioned space, or through which air from heated or cooled space is transferred at a rate exceeding three air changes per hour (see heated space and cooled space).

Majority: For purposes of determining majority of treated ducts and returns, the proportion of surface area of plenums and ducts located in an unconditioned space shall exceed 50% of the total surface area of all ducts and plenums. Examples of systems in conditioned versus unconditioned space are provided below. These examples are not inclusive.

Single-family dwellings (defined as dwelling units in buildings with fewer than 3 dwelling units) can be treated without pre-qualification by CenterPoint Energy. Regardless of pre-qualification, CenterPoint Energy will not pay incentives for installations that do not meet the standards as described herein.

Multifamily units (defined as buildings with 3 or more dwelling units), must be pre-qualified for installation. Prior to beginning installation, Project Sponsor must contact CenterPoint Energy with a property description. CenterPoint Energy may pre-qualify, or may require CenterPoint Energy's site inspection in order to determine eligibility. Regardless of pre-qualification, CenterPoint Energy will not pay incentives for installations that do not meet the standards as described herein.

Examples of Systems in Conditioned and Unconditioned Spaces

The following examples are intended to illustrate some of the situations that will be found in the field. It is not all-inclusive.

Return/evaporator is in a closet with ceiling. The entire enclosure is considered conditioned space. This is a common installation in older homes in which central air was a post-construction retrofit, but is also utilized in new construction.

Duct is contained within, or consists of, a stud-cavity, joist cavity, or enclosed chase; evaporator is in the attic. The portion of the duct within the cavity is located within a conditioned space.

Return/evaporator in a sealed closet without ceiling that is left open to supply combustion air for a gas/propane furnace. The entire closet is considered unconditioned space.

Supply ducts are within a furr-down. This is considered indirectly conditioned space.

Supply ducts within an attic separated from the conditioned space by an insulated ceiling. This is considered an unconditioned space.

Supply ducts within an attic with finished floor, insulated roof and openings to the conditioned space. This is considered an indirectly conditioned space.

Return or supply ducts located in joist cavity in a floor over a crawlspace. If the floor under the ducts (the crawlspace ceiling) is insulated, the ducts are in a conditioned space. If the floor and walls of the crawlspace are insulated and sealed, the ducts are

in a conditioned space. If the floor, walls and ceiling of the crawlspace are uninsulated, the ducts are located in an unconditioned space.

Baseline

This measure uses the leakage rate of the existing duct system, as measured by a pre-retrofit duct pressurization test, as its baseline. The pre-retrofit leakage rate is a user input to the deemed savings calculation methodology. To ensure that the accuracy of savings estimates, the pre-retrofit leakage rate used to perform the savings calculation is limited to 35% of total fan flow.

Installation & Efficiency Standard

Materials used should be long-lasting materials, e.g., mastics, tape-applied mastics, foil tape, and/or aerosol-based sealants, to reduce total leakage rates to less than 10% of total air handler fan flow, verified by post-retrofit duct pressurization test.

Under the Hard-To-Reach template, duct efficiency improvements reduce the ventilation rate in the home and therefore a post-installation blower door test must be conducted. Results must comply with the Minimum Final Ventilation Rate table found in the Air Infiltration section of this document.

Duct Leakage Testing

Measurements to determine pre-installation and post-installation leakage rates must be performed in accordance with CenterPoint Energy-approved procedures. In applications where a majority of the ducts is in an unconditioned space, the most commonly-used acceptable test method is the Duct Blaster™ (or equivalent) total duct leakage test. Other tests may be accepted at CenterPoint Energy's sole option.

In applications where duct leakage to outside must be directly measured, the Project Sponsor may use one of several methods, including the blower door subtraction method, the combination duct blaster (or equivalent) and blower door, or the Delta Q method. Other tests may be accepted at CenterPoint Energy's sole option.

Prior to beginning any installations, the Project Sponsor must submit the intended method(s) and may be required to provide CenterPoint Energy with evidence of competency.

Leakage rates must be measured and reported at the average air distribution system operating pressure.

Deemed Savings

Duct efficiency improvement project savings are calculated using the values from the *Addendum A: Duct Deemed Savings Lookup Tables* below and the achieved Distribution System Efficiency (DSE) improvements as calculated by *ANSI/ASHRAE Standard 152-2004: Method of Test for Determining the Design and Seasonal Efficiencies of Residential Thermal Distribution Systems* (hereinafter "ASHRAE 152").

There are 300 different sets of deemed savings values presented in the *Addendum A: Duct Deemed Savings Lookup Tables*. The different sets of values take into account variations in

weather location, building type, foundation type, and air handler location.

In order to simplify this calculation process for practical use in a demand side management (DSM) program and to ensure that calculations are done in a consistent manner, online and stand-alone spreadsheet tools (Texas Duct Efficiency Helper) have been developed that perform the ASHRAE 152 calculations, automatically select the applicable deemed savings values from the *Addendum A: Duct Deemed Savings Lookup Tables*, and return the project savings results.

Estimated Useful Life (EUL)

The average lifetime of this measure is 18 years per the Commission-approved EUL values.

WATER HEATER REPLACEMENTS – HIGH EFFICIENCY AND FUEL SUBSTITUTION

Measure

Water heating values are on a per-unit basis. Deemed savings variables include tank volume and installed-unit energy factor as rated in the Gas Appliance Manufacturers Association Directory of Certified Water Heating Products. The following table presents the energy savings for high efficiency electric water heaters meeting the required standards (based on tank size and final Energy Factor (EF)).

Baseline

The baseline for electric and gas water heaters is the DOE energy efficiency standard (10 CFR Part 430). The method for calculating standards compliance is:

Electric: $0.93 - 0.00132 * \text{volume}$

Gas: $0.62 - 0.0019 * \text{volume}$

Efficiency Standard

The efficiency threshold for new water heaters is 4% above baseline.

Deemed Savings

Energy Savings - Electric Water Heater Replacements

Electric Water Heater Replacements - Energy Savings			
Approximate Volume (gal) ->	80	50	30
Baseline (DOE Standard) EF	0.82	0.86	0.89
Minimum EF for Incentive Qualification	kWh Savings	kWh Savings	kWh Savings
0.86	150	NAP	NAP
0.87	190	NAP	NAP
0.88	229	NAP	NAP
0.89	267	NAP	NAP
0.90	304	138	NAP
0.91	341	175	NAP
0.92	377	210	NAP
0.93	411	245	143
0.94	446	280	177
0.95	479	313	210

Energy Savings - Gas Water Heater Replacements

The following table presents the energy savings for high efficiency gas water heaters replacing an electric unit.

Gas Water Heater Replacements - Energy Savings			
Approximate Volume (gal) ER->	80	52	30
Approximate Volume (gal) Gas->	50	40	30
Federal Standard EF	0.53	0.54	0.56
4% Improvement	0.55	0.56	0.57
Annual Therms	163	160	157
Gas equivalent kWh	1,554	1,526	1,499
kWh Savings (Base less gas equivalent)	2,070	1,932	1,856

Demand Savings

The following table presents the demand savings for high efficiency electric or fuel-substitution units.

Electric Water Heater Replacements - Demand Savings			
Approximate Volume (gal)->	80	50	30
Standard EF	0.82	0.86	0.89
Minimum EF for Incentive Qualification			
0.86	0.01	NAP	NAP
0.87	0.02	NAP	NAP
0.88	0.02	NAP	NAP
0.89	0.02	NAP	NAP
0.9	0.03	0.01	NAP
0.91	0.03	0.02	NAP
0.92	0.03	0.02	NAP
0.93	0.04	0.02	0.01
0.94	0.04	0.02	0.02
0.95	0.04	0.03	0.02
All Gas Units Meeting the Gas Standards (above)	0.42	0.42	0.42

WATER HEATER JACKETS

Measure

Water heater jackets must have an R-value of at least R-6.7 and must be installed on electric water heaters. These estimates apply to all weather regions.

Baseline

Baseline is assumed to be the post-1991, storage-type, electric resistance water heater, with no water heater jacket.

Installation & Efficiency Standard

Water heater jackets must have an R-value of at least R-6.7 and must be installed on electric water heaters. Manufacturer's instructions of the water heater jacket and the water heater itself should be followed. Thermostat and heating element access panels must be left uncovered.

Deemed Savings

Water Heater Jacket	
KWh Savings per home	Peak kW Savings per home
100	0.010

WATER HEATER PIPE INSULATION

Measure

Water heater pipe insulation must have a minimum thickness of 3/4". Water heaters plumbed with heat traps are not eligible to receive incentives for this measure. The pipe insulation must be installed in a home with electric water heating in order to qualify for an incentive.

Baseline

Baseline is assumed to be the typical electric water heater with no heat traps and no insulation on water heater pipes.

Installation & Efficiency Standard

Water heater pipe insulation must have a minimum thickness of 3/4". All hot and cold vertical lengths of pipe should be insulated, plus the initial length of horizontal hot and cold water pipe, up to three feet from the transition, or until wall penetration, whichever is less.

Deemed Savings

Water Heater Pipe Insulation	
KWh Savings per home	Peak kW Savings per home
40	0.004

LOW-FLOW SHOWERHEADS

Measure

Low-flow showerheads are only eligible in the Hard-To-Reach SOP. Showerhead savings are per household and for retrofit installations only.

The retrofit low-flow showerhead installation must have a rated flow of no more than 2.0 gallons per minute (gpm) and removal of the existing showerhead with a rated flow of no less than 2.5 gpm.⁴ The source of the heated water flowing through the showerhead must be an electric water heater. These estimates apply to all weather regions.

Baseline

The baseline average flow rate of existing stock of showerheads is assumed to be 2.5 gpm.

⁴ All flow rate requirements listed here are the rated flow of the showerhead measured at 80 pounds per square inch of pressure (psi).

Installation & Efficiency Standard

The incentive is for residential, retrofit-only installation of existing showerhead(s) with a pre-installation flow rate of no less than 2.5 gpm. Existing showerheads that have been defaced so as to make the flow rating illegible are not eligible for replacement.

Replacement showerheads shall have a rated flow of no more than 2.0 gpm. Only showerheads that are not easily modified to increase flow rate shall be allowed.

All showerheads removed shall be collected by Project Sponsor and submitted to the utility with each project implementation report.

The showerhead must be installed in a home with electric water heating in order to qualify for an incentive.

Deemed Savings

Low Flow Showerheads	
KWh Savings per home	Peak kW Savings per home
186	0.022

Deemed savings were calculated assuming that all showerheads in a home were retrofit with low-flow showerheads. Therefore, all showerheads in a home must be replaced in order to be eligible for the full deemed savings incentive.

If all showerheads in a home are not replaced, then the following table should be used to calculate the deemed savings for energy and peak demand savings:

kWh savings	Showerheads per Household			
	One	Two	Three	Four
One Showerhead	186	70	51	40
Two Showerheads		186	102	80
Three Showerheads			186	120
Four Showerheads				186

kW savings	Showerheads per Household			
	One	Two	Three	Four
One Showerhead	0.022	0.008	0.006	0.005
Two Showerheads		0.022	0.012	0.010
Three Showerheads			0.022	0.015
Four Showerheads				0.022

As examples, if a Project Sponsor retrofits one showerhead in a household with two showerheads, the deemed savings would be 70 kWh and 0.008 kW. If a Project Sponsor retrofits two showerheads in a household with four showerheads, the deemed savings would be 80 kWh and 0.010 kW.

FAUCET AERATORS

Measure

Faucet aerator savings are only eligible in the Hard-To-Reach SOP. Faucet aerator savings are per household and for retrofit installations only. The incentive is for residential, retrofit-only installation of a faucet aerator with a rated flow of no more than 1.5 gallons per minute (gpm). The source of the heated water flowing through the faucet must be an electric water heater. These estimates apply to all weather regions.

Baseline

The baseline is assumed to be 2.5 gpm.

Installation & Efficiency Standard

The incentive is for residential, retrofit-only installation of existing faucet aerator(s) with a pre-installation flow rate of no less than 2.5 gpm. Aerators that have been defaced so as to make the flow rating illegible are not eligible for replacement.

A faucet aerator installed in a retrofit situation must have a labeled maximum flow rate of 1.5 gpm at 80 psi. The aerator must be installed in a home with electric water heating in order to qualify for an incentive.

All aerators removed shall be collected by Project Sponsor and submitted to the utility with each project implementation report.

Deemed Savings

Faucet Aerators	
KWh Savings per home	Peak kW Savings per home
48	0.0067

ENERGY STAR Ceiling Fans

Measure

Purchase an ENERGY STAR ceiling fan and light kit.

Baseline

The baseline is a conventional non-ENERGY STAR labeled ceiling fan and light kit.

Installation & Efficiency Standard

The table below displays the ENERGY STAR requirements for eligible ceiling fans.

ENERGY STAR Specifications for Ceiling Fans	
1.	Specification defines residential ceiling fan airflow efficiency on a performance basis: CFM* of airflow per watt of power consumed by the motor and controls. Efficiency is measured on each of 3 speeds.
2.	At low speed, fans must have a minimum airflow of 1,250 CFM* and an efficiency of 155 CFM/Watt
3.	Qualifying ceiling fan models must come with a minimum 30-year motor warranty; one-year component(s) warranty; and 2-year light kits warranty.
4.	At high speed, fans must have a minimum airflow of 5,000 CFM* and an efficiency of 75 CFM/Watt
5.	Integral or attachable lighting, including separately sold ceiling fan light kits, must meet certain requirements of the RLF specification. See QPI form for specific requirements.

Deemed Savings

ENERGY STAR[®] Ceiling Fan	
Energy (kWh) Savings	Peak (kW) Savings
141	0.011

Estimated Useful Life

The estimated useful life (EUL) is established at 10 years.

ENERGY STAR Clothes Washers

Measure

Purchase an ENERGY STAR clothes washer.

Baseline

The baseline is the department of Energy (DOE) minimum efficiency standard for clothes washers.

Installation & Efficiency Standard

The table below displays the ENERGY STAR requirements for eligible clothes washers through 2011.

ENERGY STAR Clothes Washer		
Criteria/Product Type	Current Criteria (as of July 1, 2009)	Proposed Changes for January 1, 2011
ENERGY STAR top and front loading	MEF \geq 1.8 WF \leq 7.5	MEF \geq 2.0 WF \leq 6.0
Federal Standard top and front loading	MEF \geq 1.26	MEF \geq 1.26 WF \leq 9.5

Deemed Savings

ENERGY STAR Clothes Washer – Annual Energy Savings				
Type	Modified Energy Factor, MEF (Cu.Ft. / kWh / cycle)	Annual Washer kWh	Annual Elec. DHW kWh	Annual Elec. Dryer kWh
DOE 2007 Std.	1.26	52.1	310	509
2009 ENERGY STAR	1.8	44.7	145	420
Savings		7	165	89

ENERGY STAR Clothes Washer – Peak Demand Savings				
Type	Modified Energy Factor, MEF (Cu.Ft. / kWh / cycle)	Washer Peak kW	Elec. DHW Peak kW	Elec. Dryer Peak kW
DOE 2007 Std.	1.26	0.0071	0.0424	0.0697
2009 ENERGY STAR	1.8	0.0061	0.0199	0.0575
Savings		0.0010	0.0226	0.0122

ENERGY STAR Dishwashers

Measure

Purchase an ENERGY STAR dishwasher.

Baseline

The baseline is the department of Energy (DOE) minimum efficiency standard for dishwashers.

Installation & Efficiency Standard

The table below displays the ENERGY STAR requirements for eligible dishwashers through 2011.

ENERGY STAR® Dishwasher		
Standard Sized Models		
Criteria/Product Type	January 1, 2010	July 1, 2011
ENERGY STAR	≤ 324 kWh/year ≤ 5.8 gallons/cycle	≤ 307 kWh/year ≤ 5.0 gallons/cycle
Federal Standard	≤ 355 kWh/year ≤ 6.5 gallons/cycle	
Compact Sized Models		
Criteria/Product Type	January 1, 2010	July 1, 2011
ENERGY STAR	≤ 234 kWh/year ≤ 4.0 gallons/cycle	≤ 222 kWh/year ≤ 3.5 gallons/cycle
Federal Standard	≤ 260 kWh/year ≤ 4.5 gallons/cycle	

Deemed Savings

ENERGY STAR Dishwasher Savings			
With Electric Water Heating		Without Electric Water Heating	
kWh Savings	Peak kW Savings	kWh Savings	Peak kW Savings
74	0.00801	33	0.00297

ENERGY STAR Refrigerators

Measure

Purchase an ENERGY STAR refrigerator in a residential or small commercial application.

Baseline

The baseline is the department of Energy (DOE) minimum efficiency standard for refrigerators.

Installation & Efficiency Standard

The table below displays the ENERGY STAR requirements for eligible refrigerators, which went into effect April 28, 2008.

ENERGY STAR[®] Refrigerator		
Product Type	Volume	Criteria as of April 28, 2008
Full Size Refrigerators	7.75 cubic feet or greater	At least 20% more energy efficient than the minimum federal government standard (NAECA)

Deemed Savings

ENERGY STAR Refrigerator Savings					
Replace on Burnout/Ne w Construction kWh Savings	Replace on Burnout/Ne w Construction Peak kW Savings	Multifamily Retrofit kWh Savings	Multifamily Retrofit Peak kW Savings	Single- Family Retrofit kWh Savings	Single- Family Retrofit Peak kW Savings
123	0.017	713	0.097	743	0.101

COMPACT FLUORESCENT LAMPS

Measure

Compact fluorescent lamps (CFLs) must be installed in a location that gets a daily usage of at least 3 hours per day. Deemed values were calculated based on an average daily usage of 4 hours per day. CFL incentives are for customers under the Hard-To-Reach Program template only.

Baseline

Standard incandescent lamps, with wattages of 40, 60, 75, or 100 watts.

Installation & Efficiency Standard

The ENERGY STAR[®] CFL specification includes:

- Starting time of approximately one second
- Efficiency level for lamps of 15 watts or more is 60 lumens/watt
- Efficiency level for lamps of less than 15 watts is 45 lumens/watt

The fixture wattage rating dictates the maximum CFL wattage installed. If there is no fixture wattage rating shown on the fixture, the fixture wattage shall be assumed to be 60 watts. For example, when replacing an incandescent lamp in a fixture rated for 60 watts, the maximum CFL wattage that may be installed is 21 watts.

“Hollywood-style” incandescent fixtures with four or more lamps may not be retrofitted with screw-in CFLs. These fixtures may be retrofitted with hard-wired fluorescent fixtures only. The addition of a disk device to a screw-in CFL to prevent its removal does not qualify it as a hard-wired fixture.

To compensate for the fact that the life of this measure is less than 10 years, the incentive amounts paid are based on 75% of the following deemed savings.

Deemed Savings

Compact Fluorescent Lamps					
Measure CFL (Watt)	Measure CFL (Range of Watts)	Comparable Incandescent Light (Watt)	Daily usage (Hrs./Day)	Annual Energy Savings (kWh)	Demand Savings (kW)
15	14-18	40	4	36.5	0.006
20	19-21	60	4	58.3	0.009
23	22-25	75	4	75.8	0.012
27	26-28	100	4	106.5	0.016

WATER HEATING REPLACEMENTS - SOLAR WATER HEATING

Measure

Solar water heating deemed savings values are calculated based on the Solar Rating and Certification Corporation’s (SRCC) test for solar water heaters (test OG-300).

Installation & Efficiency Standard

Only solar water heaters meeting the SRCC OG-300 standard (based on tank size and final Solar Energy Factor-SEF) qualify for these deemed savings estimates.

Deemed Savings

The following table presents the energy savings for solar water heaters based on tank size and final Solar Energy Factor (SEF).

Demand Savings

Solar Water Heating Demand Savings	kW
	0.42

Energy Savings

Water Heating Replacements – Solar Water Heating Energy Savings			
Approximate Volume (gal) ->	80	50	30
Baseline (DOE Standard) EF	0.82	0.86	0.89
SRCC OG-300 Solar Energy Factor	kWh Savings	kWh Savings	kWh Savings
1.0	637	471	368
1.1	909	743	640
1.2	1,135	969	866
1.3	1,326	1,160	1,057
1.4	1,490	1,324	1,221
1.5	1,633	1,467	1,364
1.6	1,757	1,591	1,488
1.7	1,867	1,701	1,598
1.8	1,965	1,799	1,696
1.9	2,052	1,886	1,783
2.0	2,131	1,965	1,862
2.1	2,202	2,036	1,933
2.2	2,266	2,100	1,997
2.3	2,325	2,159	2,056
2.4	2,379	2,213	2,110
2.5	2,429	2,263	2,160
2.6	2,475	2,309	2,206
2.7	2,518	2,352	2,249
2.8	2,557	2,391	2,288
2.9	2,594	2,428	2,325
3.0	2,628	2,462	2,359
3.1	2,660	2,494	2,391
3.2	2,691	2,525	2,422
3.3	2,719	2,553	2,450
3.4	2,745	2,579	2,476
3.5	2,771	2,605	2,502
3.6	2,794	2,628	2,525
3.7	2,817	2,651	2,548
3.8	2,838	2,672	2,569
3.9	2,858	2,692	2,589
4.0	2,877	2,711	2,608
4.1	2,895	2,729	2,626
4.2	2,913	2,747	2,644
4.3	2,929	2,763	2,660
4.4	2,945	2,779	2,676
4.5	2,960	2,794	2,691
4.6	2,975	2,809	2,706
4.7	2,988	2,822	2,719
4.8	3,002	2,836	2,733
4.9	3,014	2,848	2,745
5.0	3,027	2,861	2,758

SOLAR ELECTRIC (PHOTOVOLTAIC) ENERGY SYSTEMS

Measure

Solar electric (photovoltaic) energy systems deemed savings values are calculated based on the system's rated watts DC_{STC} ⁵. Only photovoltaic systems that result in net reductions of the customer's purchased energy and peak demand qualify for these deemed savings estimates. These deemed savings values apply to all customer classes and all weather regions in Texas.

Installation & Efficiency Standard

The installation must also meet the following requirements in order to be eligible for these deemed savings values:

1. The system shall be installed by a licensed electrical contractor or, in the case of a residential installation by the homeowner, with the approval of the electrical inspector in accordance with the National Electric Code (NEC 690, "Solar Photovoltaic Systems") or local building codes.
2. If the system is utility interactive the inverter shall be listed by national testing laboratory (see, for example, UL 1741, "Static Inverters and Charge Controllers for Use in Photovoltaic Power Systems") and meet the requirements of the Institute of Electrical and Electronics Engineers (IEEE) Standard 929-2000 "Recommended Practice for Utility Interface of Photovoltaic (PV) Systems".
3. The array azimuth shall be within +/- 20 degrees of south; the tilt angle shall be between 0 (horizontal) and latitude + 15 degrees.
4. The estimated annual energy generation from the PV system shall not exceed the customer's annual energy consumption.

Deemed Savings

Energy Savings

The following formula calculates the energy savings for solar electric photovoltaic energy systems based on the rated watts DC_{STC} .

$$\text{Deemed Energy Savings (kWh)} = 1.60 * \text{watts } DC_{STC} \text{ installed}$$

Demand Savings

The following formula calculates the demand savings for solar electric photovoltaic energy systems based on the rated watts DC_{STC} .

$$\text{Deemed Demand Savings (kW)} = 0.83 * \text{kW } DC_{STC} \text{ installed}$$

⁵ Watts DC_{STC} refers to the system's factory rated output at standard test conditions, which assumes 1,000 w/m² of solar radiation and 25 degree Celsius cell operating temperature.

Appendix B
Insurance Requirements

INSURANCE REQUIREMENTS

Worker's Compensation and Employer's Liability -Project Sponsor and subcontractors of any tier retained by and through Project Sponsor shall purchase Workers Compensation insurance, and shall comply with all requirements of Workers Compensation laws of the state in which such work is being performed. Project Sponsor shall in addition carry Employer's Liability Insurance covering all operations and work hereunder in any amount not less than \$500,000 per person. (Likewise, coverage for U.S. Longshoreman's and Harbor Worker's Act, and the Jones Act shall be included with appropriate limits where required.)

General Liability and Automobile Insurance - Project Sponsor agrees to carry at its sole expense, General Liability Insurance, including Broad Form Contractual Liability, Products/Completed Operations, Broad Form Property Damage covering all operations and work hereunder for all liability arising out of injury to or death of one or more persons and injury to or destruction of property in amounts not less than:

General Aggregate	\$2,000,000
Products - Comp/Ops Aggregate	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (any one fire)	\$ 50,000
Medical Expense (any one person)	\$ 5,000

(An "aggregate" is the most the policy will pay out regardless of the number of claims; "each occurrence" is the maximum the policy will pay on each individual claim.)

SUCH INSURANCE SHALL SPECIFICALLY REFER TO THIS *CONTRACT* AND SHALL SPECIFICALLY COVER THE LIABILITY ASSUMED BY *PROJECT SPONSOR* AS STATED WITHIN THE INDEMNITY PROVISIONS OF THE *CONTRACT*.

Project Sponsor agrees to carry, at its sole expense, Automobile Liability Insurance on all automobiles owned and hired, as well as automobile non-ownership liability insurance in the amounts of not less than \$1,000,000 for all liability arising out of injury to or death of one or more persons in any one occurrence, and not less than \$1,000,000 for all liability arising out of injury or destruction of property in any one occurrence.

The insurance required by Paragraph 17.2 above shall include CenterPoint Energy as an Additional Insured with respect to all operations and work hereunder and shall provide that such insurance applies separately to each insured against whom claim is made or suit is brought. This insurance afforded to Additional Insured is to be primary of any other valid and collectible insurance.

The insurance required by above Paragraphs shall include a Waiver of Subrogation in favor of CenterPoint Energy.

Prior to commencing the Work, Project Sponsor shall furnish CenterPoint Energy certificates of the insurance required in the above sections, which shall be in companies and in form satisfactory to CenterPoint Energy. Such certificates shall provide that thirty (30) days written notice shall be given to CenterPoint Energy prior to cancellation of or material change in the coverage. Subject certificates shall reflect a Waiver of Subrogation in favor of CenterPoint Energy, and CenterPoint Energy as an Additional Insured, as appropriate. In addition, Project Sponsor shall obtain Insurance Certificates from any and all subs at every tier, and insure that subcontractor's coverages meet the requirements of this Contract, prior to the subcontractors beginning Work. Copies of first tier subcontractors' insurance certificates shall subsequently be furnished to CenterPoint Energy by Project Sponsor.

All such insurance required above shall provide insurance for occurrences during the performance of services by Project Sponsor and all subcontractors pursuant to this contract and for a period of two (2) years after completion of the contract. In the event that any insurance as required herein is available only on a "claims-made" basis, such insurance shall provide for a retroactive date not later than the commencement of work or delivery to CenterPoint Energy of products under this contract and such insurance shall be maintained by Project Sponsor with a retroactive date not later than the retroactive date required above. If the date purchase of an "optional extension period," "optional claims reporting period" or other similarly titled clause is necessary to maintain coverage as required hereunder, such clause shall provide insurance for all occurrences as required herein, aggregate limits of such insurance shall be reinstated to the full extent permitted by such insurance policy and shall provide insurance for all claims made after completion of the work under this contract by Project Sponsor. The limits of liability of such insurance as required herein shall remain unimpaired to the full extent permitted by such insurance policy and Project Sponsor shall execute all procedures necessary to remove any such impairment.

FAILURE OF THE *PROJECT SPONSOR* TO PROVIDE INSURANCE AS HEREIN REQUIRED OR FAILURE OF *OWNER* TO REQUIRE EVIDENCE OF INSURANCE OR TO NOTIFY *PROJECT SPONSOR* OF ANY BREACH BY *PROJECT SPONSOR* OF THE REQUIREMENTS OF THIS PARAGRAPH SHALL NOT BE DEEMED TO BE A WAIVER BY *CENTERPOINT ENERGY* OF ANY OF THE TERMS AND CONDITIONS OF THIS *CONTRACT*, NOR SHALL THEY BE DEEMED TO BE A WAIVER OF THE OBLIGATIONS OF THE *PROJECT SPONSOR* TO DEFEND, INDEMNIFY, AND HOLD HARMLESS *CENTERPOINT ENERGY* AS REQUIRED HEREIN.

All insurance as required herein shall be primary to any other insurance coverage purchased and shall be issued by an insurer licensed to do business in the state of Texas having a Best's Rating of not less than "A" and a net surplus of not less than \$25,000,000. The Project Sponsor's obligation to provide for the continuation of such insurance shall survive completion of performance by the Project Sponsor under this Contract.

The above insurance requirements are minimum requirements and shall not limit Project Sponsor's liability to CenterPoint Energy in any manner.

Appendix C
Glossary

Glossary

- A -

Affiliate: For purposes of the CNP Standard Offer Program, an Affiliate is:

- (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of an energy efficiency service provider;
- (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (C) a corporation that has at least 5.0% 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% 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% 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% 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% 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.

- B -

Baseline: For purposes of determining estimated and measured energy savings under the SOP, the baseline is generally defined as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. In certain limited circumstances, the baseline may be determined by the equipment or conditions currently in place. This is likely to occur only when federal energy efficiency standards do not

apply, or when the existing equipment can be shown by the project sponsor to have a remaining service life of at least ten years. For determining estimated and measured savings for building shell improvements, the baseline is generally determined by the building's current condition, e.g., existing insulation r-values, air infiltration rates, etc.

Budget Reservation: The amount of incentive funds CNP sets aside during the project implementation phase for a given project sponsor who has submitted a successful application prior to CNP's complete commitment of funds through Budget Reservations to other project sponsors.

- C -

Contracted Capacity Savings: As defined in an SOP Agreement, the amount by which a project is expected to reduce peak demand consumption (measured in kW) at the host customer's site(s).

Contracted Energy Savings: As defined in an SOP Agreement, the amount by which a project is expected to reduce energy consumption (measured in kWh) at the host customer's site(s).

- D -

Deemed Savings: A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that a utility may use instead of energy and peak demand savings determined through measurement and verification activities.

Demand Savings: The maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded). The demand savings are measured against a predetermined baseline for deemed savings measures.

- E -

Energy-Efficiency Measures (EEM): Equipment, materials, and practices that when installed and used at a customer site result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kW, or both.

Energy Efficiency Project: An energy efficiency measure or combination of measures installed under a standard offer contract or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.

Energy Efficiency Service Provider: A person who installs energy efficiency measures or performs other energy efficiency services. An energy efficiency service provider may be a retail electric provider or a customer, if the person has executed a SOP Agreement.

Energy Savings: A quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced as a result of the installation of qualifying energy-efficient equipment. Energy savings are determined by comparing the efficiency of the installed

equipment to that of new standard-efficiency equipment—not to that of the customer’s existing equipment (except in cases where no standards currently exist).

Existing Equipment: The equipment that is installed at the host customer’s site prior to the customer’s participation in the SOP Program.

- H -

Hard-To-Reach Customers: Customers with an annual household income at or below 200% of the federal poverty guidelines, and who have properly completed a PUCT-approved income verification form.

Host Customer or Customer: A residential distribution customer of CNP that owns or leases facilities at a Project Site or Sites and that has entered into a Host Customer Agreement with project sponsor, or is a customer acting as its own project sponsor, for the installation of Measures as a part of Project. "Host Customer" excludes all Project Sites that are new construction or major rehabilitation projects.

- I -

Implementation Payment: The first of two incentive payments made to a project sponsor. The implementation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A project sponsor may submit an invoice for this payment following CNP’s approval of the project sponsor’s Project Implementation Report (PIR).

Incentive Payment: Payments made to an Energy Efficiency Service Provider based on the level of approved demand and energy savings (expressed as kW and kWh). Incentive rates are based on Commission approved avoided costs and incentive caps.

Inspection: Onsite examination of a project to verify that a measure has been installed and is capable of performing its intended function.

- M -

Measurement and Verification Plan: The project sponsor’s specific plan for verifying measured savings estimates. The measurement and verification (M&V) plan should be consistent with the International Performance Measurement and Verification Protocol.

Measured Capacity Savings: The maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded), as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

Measured Energy Savings: The Energy Savings derived during a single year, from the Measures installed at the Project Site as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

- P -

Peak Demand Savings: For purposes of the CNP Standard Offer Program, Peak Demand Savings is the maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded).

Peak Period: For the purposes of this program, the peak period is defined as the hours from 1 PM to 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded).

Performance Period: The one-year period following the approval of a project sponsor's Project Implementation Report (PIR) during which measurement and verification are to take place. Peak demand and energy savings measured over this period form the basis of the performance payment made to the project sponsor at the end of the year.

Performance Payment: The second of two incentive payments made to a project sponsor under the terms of an SOP Agreement. The performance payment is based on the one-year measured energy savings documented in CNP's M&V Report and may be up to 60% of the total estimated incentive included in the SOP Agreement.

Post-Installation Inspection: An inspection of a project site or sites conducted by CNP after a project sponsor has submitted a monthly invoice. The purpose of the inspection is to verify that the energy-efficiency equipment specified in the SOP Agreement has been installed properly and is capable of performing its intended function. CenterPoint Energy's approval of the invoice is contingent upon the results of the post-installation inspection.

Program Manual: The complete set of CNP Residential SOP materials, including the program description, procedures and forms.

Project: All the energy-efficient measures and any associated equipment and/or improvements that are installed, maintained and/or operated by the project sponsor to achieve the energy savings claimed for the project. A project may, in some instances, consist of more than one project site.

Project Application: The Project Application, comprising a set of standard forms, is submitted by an organization wanting to participate in the SOP Program as a project sponsor. On the Project Application, the project sponsor provides information about itself, the site at which the proposed project will be installed, and a general description of the proposed project.

Project Site: One or more adjacent buildings on a single meter owned or operated by a single CNP customer.

Project Sponsor: Any organization, group, or individual who contracts with CNP to provide energy savings under the SOP Program.

Prudent Electrical Practices: Those practices, methods, standards, and equipment commonly used in prudent electrical engineering and operations to operate electrical equipment lawfully and with safety, dependability, and efficiency and in accordance with the National Electrical Safety Code, the National Electrical Code, and any other applicable federal state and local codes. In the event of a conflict, the applicable federal, state, or local code shall govern.

- R -

Renewable Demand Side Management (DSM) Technologies: Equipment that uses a renewable energy resource that, when installed at a customer site, reduces the customer's net purchases of energy (kWh), electrical demand (kW), or both.

- S -

SOP Agreement: A contract entered into by the project sponsor and CNP following the approval of the project sponsor's project application (PA) and CNP's design of a project-specific

measurement and verification (M&V) plan. The SOP Agreement specifies the energy-efficiency measures to be installed, the expected energy savings, the expected total incentive payment, and the agreed-upon M&V approach.