Commercial Load Management
Standard Offer Program

2019 Program Manual

CenterPoint Energy Houston Electric
1111 Louisiana Street, 9th Floor
Houston, TX 77002

Release Date: December 2018
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## Schedule and Program Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DECEMBER 12, 2018:</strong></td>
<td>Pre-entry of applications until “Go-Live” date</td>
</tr>
<tr>
<td><strong>JANUARY 16, 2019:</strong></td>
<td>“Go-Live” date for application submission for 2019 at 10:00 A.M. CST. Submittals will be reviewed and accepted on a first-come/first-serve basis until all budgeted funds have been reserved. Applicants should receive approval or rejection notification approximately 30 days after the “Go-Live” date</td>
</tr>
<tr>
<td><strong>JUNE 1-SEPT 30, 2019:</strong></td>
<td>Standing Ready for Curtailment (i.e., Participation Period)</td>
</tr>
<tr>
<td><strong>OCT 1-NOV 1, 2019:</strong></td>
<td>Analysis of interval data, calculation &amp; payment of incentives</td>
</tr>
<tr>
<td><strong>MID-DECEMBER 2019:</strong></td>
<td>Pre-entry of applications for the 2020 Program Year</td>
</tr>
</tbody>
</table>

**THIS PROGRAM MANUAL IS SUBJECT TO CHANGE:** All terms and conditions of the program offering described here, including announced payment amounts, calculation methodology, and schedule are based on current Public Utility Commission of Texas (PUCT) guidelines and regulations, and standardized curtailment calculation protocols adopted by the PUCT in the Technical Reference Manual (TRM version 6.0). Program updates can be monitored on the SOP website at [HTTPS://CENTERPOINT.ANBETRACK.COM/COMMERCIAL-LOAD-MANAGEMENT-PROGRAM.HTML](HTTPS://CENTERPOINT.ANBETRACK.COM/COMMERCIAL-LOAD-MANAGEMENT-PROGRAM.HTML). Refer to Steps Four and Five of this Manual for a complete explanation of the standardized process for calculating demand savings and incentive payments.
BACKGROUND: The CenterPoint Energy Houston Electric Commercial Load Management Standard Offer Program was developed in 2008 in response to changes in Public Utility Commission of Texas (PUCT) substantive rule 25.181 which authorizes participating Project Sponsors (customers or third-party sponsors) to provide on-call curtailment of electric consumption during peak demand periods in return for incentive payments. Incentives are based on verified demand savings that occur at a participating CenterPoint Energy distribution or institutional customer’s site because of a called curtailment.

CenterPoint Energy will begin accepting applications electronically (“first come/first serve”) at 10 a.m., Wednesday, January 16, 2019, continuing until the 2019 goal has been fully reserved, or May 1 of the current program year. Applicants may begin input to the database starting December 12, 2018 (start of a four-week pre-application data entry period designed for the convenience of applicants).

PARTICIPATION: PARTICIPATION IS A FIVE-STEP PROCESS DESCRIBED IN DETAIL IN THIS PROGRAM MANUAL. LATEST VERSION IS AVAILABLE AT: HTTPS://CENTERPOINT.ANBETRACK.COM/COMMERCIAL-LOAD-MANAGEMENT-PROGRAM.HTML

PROGRAM SUMMARY: The Load Management Program is a good-faith agreement between the Project Sponsor (a qualifying customer or its sponsoring energy services company) and CenterPoint Energy that promotes the following:

- Reliable curtailable energy during grid (ERCOT) and local system emergency situations occurring during summer peak demand periods, defined as 1-7 p.m., weekdays, June through September.
- Market-based incentive payments to the Project Sponsor (customer or third party) for curtailing electric load on notice.
- Load control assets available to ERCOT through its own programs and those of other transmission and distribution utilities throughout Texas.

Program Sponsors must agree to curtail contracted loads upon 30 minutes notice for up to 4 hours, four times per year, plus a maximum of two test curtailments of one to three hours in duration each to verify load availability (a maximum of 22 hours per year).

The Sponsor Agreement is valid for a term of up to five (5) years, but a new program application for each site must be submitted electronically each year via eTrack to be considered for participation in the Program.

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1 DEFINITIONS OF LOAD MANAGEMENT PROGRAM TERMS ARE FOUND IN STEP THREE OF THIS PROGRAM MANUAL AND IN THE STANDARD AGREEMENT.
2 ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT)
ELIGIBLE PROJECT SITES REQUIRE:

- Commercial customers taking service at the distribution level (i.e., service voltage at 34,500 volts or less), and/or certain eligible transmission level (i.e., service voltage at 69,000 volts or greater) customers including non-profits, governmental entities and educational institutions.
- Metered loads capable of curtailing at least 100 kW at each meter.
- Interval Data Recorder meter(s) and/or Smart Meters.
- Sponsors committed and able to curtail regularly with 30 minutes’ notice.

CUSTOMER COMMITMENTS:

- By its participation, the eligible customer or other project sponsor pledges to not attempt to participate in other load management programs or other CenterPoint Energy incentive programs using the same Curtailable Loads during the same timeframe (i.e., there is no “double-dipping” permitted with ERCOT or any other bidding programs).
- The customer further commits to stand ready for a maximum of six curtailments each year as follows:
  - A maximum of two (2) Scheduled Curtailments of one to three-hour’s duration during each year of participation, plus a maximum of four (4) Unscheduled Curtailments of up to four hours each during each year of participation.
  - Actual curtailments have totaled six hours or less (two scheduled) each year of the program, but program sponsors must be prepared for the full complement each year.
  - The availability period is limited to 1-7 p.m. weekdays, June through September, excluding federal holidays.

FINANCIAL BENEFITS TO PARTICIPATING CUSTOMERS:

In 2019, CenterPoint Energy will pay the Project Sponsor (customer or third party) $31.50 per kW of verified curtailed load, up to the approved kW amount for each site participating in the program. There is no obligation to pay for any curtailed loads that exceed the approved kW amount. However, if budget funds allow, a performance fee will be paid based on a performance rate which will be calculated after all interval data from all participants has been evaluated after the conclusion of the program year.

Incentives are calculated for each event (base incentive plus any applicable performance incentive); however, the total incentive paid after the conclusion of the program year is based on the average of all incentives.

For example, assume that there were two test events and four ERCOT events, and the incentives calculated based on the load shed for each event were $A, $B, $C, $D, $E, and $F. The total incentive paid for the program year would be the average of all events, or \( \frac{A + B + C + D + E + F}{6} \).
CenterPoint Energy Houston Electric (CenterPoint Energy/CenterPoint) is the transmission and distribution utility (TDU) authorized to serve the Greater Houston Area. It is one of the largest TDU’s in the state of Texas, serving more than 2.3 million industrial, commercial, and residential customers. Commercial/institutional load management (demand response) is recognized by the State of Texas and ERCOT as a valid resource:

- The Texas Legislature passed Senate Bill 7 (SB 7) in 1999, which restructured the state’s electric utility industry. SB 7 was amended in 2007 by HB 3693. State regulations required each investor-owned transmission and distribution utility to meet a goal of 15% reduction in its growth in system demand by December 31, 2008, and a goal of 20% by December 31, 2009, and annually thereafter through savings achieved by energy efficiency programs.

- In March 2008, the Public Utility Commission of Texas (PUCT) issued rules authorizing Transmission and Distribution Utilities (TDUs) in Texas to implement and manage a demand control program known as the Load Management Standard Offer Program (SOP)2 and to pay participating customers for curtailing pre-determined electrical loads when needed to help preserve electric grid integrity.

- In October 2015, the PUCT issued a Technical Resource Manual (TRM) establishing for the first time a universal standard for monitoring and verification, effective for the 2016 program year.

- The CenterPoint Energy demand savings for 2008 was nearly 16 MW. The authorized level increased to 112,500 kW (112.5 MW) in 2012 and was significantly over-achieved following an emergency request by the PUCT and ERCOT for additional resources, ultimately totaling 150 MW for 2012. In 2013, the goal remained at 150 MW and was achieved. The 2015 goal was 111.11 MW and 98.412 MW in 2016, 2017, and 2018.

Project Sponsors may be any CenterPoint Energy commercial, governmental, educational, and not-for-profit customer (or a group of eligible customers represented by a third party) of qualifying load size.

**Program Objectives**

The main goal of the Load Management Program is to help control summer peak demand in the CenterPoint Energy service territory and the ERCOT grid in a cost-effective manner. In addition, there are secondary program goals that are reflected in the Standard Offer Program (SOP) rules and procedures:

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2 PUCT SUBSTANTIVE RULE 25.181, DOCKET # 33487.
To reach the demand savings goals established by the legislature and Public Utility Commission of Texas (PUCT) regulations.

Create a simple and streamlined program process to stimulate strong program participation from energy efficiency service providers.

Minimize the burden of measurement and verification requirements by implementation of a standardized M&V Process.

Encourage private sector delivery of energy demand savings during peak demand time for ERCOT, the electric “grid” serving most of the State, and for the transmission and distribution system of CenterPoint Energy. The North American electric grids are illustrated in the map below:

![North American Electric Grid Map](image)

### Project Sponsor and Site Eligibility

Eligible Project Sponsors include:

- National or local energy service companies (ESCOs) or other aggregation groups.
- Retail electricity providers (REPs).
- Individual customers that identify Curtailable Load in their own facilities.

To ensure that the CenterPoint Energy’s incentive budget is allocated to projects that are likely to meet with success, all Project Sponsors are required to demonstrate a commitment to fulfilling program objectives and competency in completing their proposed project. Project Sponsors may be required to submit information concerning their loads, operating characteristics, and experience as part of the application process. Descriptions of the application requirements are found under Step One and Appendix A of this Program Manual.
Project and Site Eligibility

A project site is defined as one or more metered locations, each capable of providing at least 100 Curtailable kW. A single project site may include multiple buildings served by a single IDR meter or Smart Meter, or Project Sponsors may include more than one project site in their applications provided each project site must meet the following requirements:

- Be either a distribution level customer of CenterPoint Energy and/or a non-profit, governmental, or educational institution served by CenterPoint Energy.

- Provide total estimated demand savings of at least 100 kW during the summer peak demand period at each Project Site on call 1-7 p.m. weekdays June through September, excluding federal holidays.

- Be served by an Interval Data Recorder (IDR) and/or Smart Meter that is monitored by CenterPoint Energy. If all buildings and meters are tied to one ESI ID, then they may be combined into a single project site.

Qualifying Curtailable Loads

Eligible Curtailable Loads are loads listed on the project application that will be available for curtailment. This may be entire building(s) and/or individual end-use equipment that consumes electric energy.

The Program does not directly limit the types of eligible Curtailable Load. This permits Project Sponsors flexibility in determining the level and method of curtailing loads. Curtailable Loads must meet the following requirements:

- Curtailable Loads must produce demand savings (reduction of electrical consumption at the meter) as the result of verified savings following a dispatched (noticed) curtailment.

- Curtailment is to be initiated within 30 minutes of notice, and last for the duration of the curtailment, not to exceed three hours for the Scheduled (test) Curtailment and four hours for each Unscheduled Curtailment, at any time during the summer peak demand period (1-7 p.m. weekdays, June 1-September 30).

- Project Sponsors must commit to making its Curtailable Load available for all four months of the Agreement year.

Project Sponsors are solely responsible for assuring that contracts with retail electric providers permit participation. The following Curtailable Loads are excluded from the program:
▪ Curtailable Loads that result in negative environmental or health effects.  
3 ▪ Curtailable Loads that are not achieved directly from the project and equipment listed in the Project Application and Customer Agreement.
▪ Curtailable Loads that receive an incentive through any other energy efficiency program offered by CenterPoint Energy for the same time period.
▪ Curtailable Loads that are also eligible to earn incentive payments from other programs, including but not limited to programs available through ERCOT.
▪ Curtailable Loads from any one CenterPoint Energy electric customer that exceed twenty percent (20%) of the total annual program goal. This limitation may be waived by CenterPoint Energy if it is deemed necessary to meet that program goal.

**Standard Offer Program Review and Approval**

This PUCT-approved SOP is based on the general precept of a first-come, first-serve basis, provided however that this does not limit the right or ability of CenterPoint Energy to move an application up or down the priority list based on the anticipated reliability, amount or type of Curtailable Load, or other such reasonable factors as may be judged to be relevant.

Applications for the Load Management Program will be accepted electronically as stipulated in this Program Manual until all funds have been committed, but no later than May 1 of the program year. Projects which may be placed on the waiting list but are not accepted in that program year will not be carried over into the next program year and must be resubmitted for consideration. A new application must be submitted each year, but the contracting process is simplified for returning participants.

It is the Customer’s (or third-party Project Sponsor’s) responsibility to identify and verify the project sites and load information. Any new project site being proposed *for the first time* is subject to rejection unless the Customer or Project Sponsor has on file a signed statement that: (1) the Customer’s governing body has authorized participation and (2) the estimated Curtailable Load is based on reliable analytical methods. CNP may request copies of these statements at any time.

**Submissions will not be accepted prior to the “Go-Live” date and time.**

Participation in the Load Management Program involves five basic steps or phases:

▪ **Step One: Application.** Project Sponsor submits the program application for CenterPoint Energy to review the proposed project for feasibility and to tentatively reserve incentive funding. Applications may only be submitted electronically via CENTERPOINT ENERGY’S SPONSOR PORTAL DATABASE (I.E., eTRACK SYSTEM).

▪ **Step Two: Contracting.** The qualifying Project Sponsor (a CenterPoint Energy Customer or Aggregator) enters into a Standard Offer Contract with CenterPoint Energy.

▪ **Step Three: Performance Period.** The Project Sponsor performs annual Scheduled and Unscheduled Curtailments when notified by CenterPoint Energy.

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3 **ONE EXAMPLE IS A NON-COMPLIANT STANDBY GENERATOR PER CURRENT EPA REGULATIONS.**
- **Step Four: Monitoring and Verification.** CenterPoint Energy verifies demand savings from Scheduled and Unscheduled Curtailments (the “Verification Process”) utilizing the standardized PUCT M&V procedures, (i.e., based on the current Technical Reference Manual guidelines).

- **Step Five: Incentive Payments.** CenterPoint Energy pays the Project Sponsor for Scheduled Curtailments and Unscheduled Curtailments, based on the average incentive calculated over all curtailment events. Curtailments may occur during the summer peak demand period of each year, defined for this Program as weekdays, June 1 through September 30 of each program year (excluding federal holidays), between the hours of 1:00 and 7:00 p.m.

  As an example, a participating customer who contracted for and provided an annual average of exactly 1 megawatt (1,000 kilowatts) of curtailable power when called upon would earn $31,500 for that year (see Step Four for calculation procedures). The only exception to this payment limitation is that CenterPoint Energy reserves the right—at its sole discretion—to award bonus payments for Curtailed Load that makes up for shortfalls by other participants.

  The load shed for each participant will be calculated for each event using interval data to evaluate their performance. The incentive is calculated for each event based on the base rate and performance rate (if applicable). The total incentive paid at the end of the program year will be based on the AVERAGE incentive calculated from all curtailment events.
Applications are to be submitted electronically using the procedures described in this Section and on the CenterPoint Energy web site (https://centerpoint.anbetrack.com/cnpportal/). No hard copies, including fax transmissions, are accepted. Successful applicants must submit a completed application on-line as soon as possible after the CenterPoint Energy bid period opens to increase the proposer’s chances of being awarded a Contract offer. Applications are reviewed on a first-come, first-serve basis, subject to ranking based on factors including but not limited to: the amount and type of load to be curtailed, CenterPoint Energy’s perceived likelihood that the proposer will be able to consistently curtail, and environmental issues (if any) involved in the curtailment proposals.

To make it easier for customers and third-party applicants to compile lists of project sites and other data, CenterPoint will open the application database on December 12, 2018 for data entry. The formal submission date is January 16, 2019 beginning at 10:00 a.m. CST, for actual application submissions. This allows applicants to be ready with completed applications when the actual submission date occurs.

Questions concerning application procedures may be submitted to Calvin Burnham (calvin.burnham@CenterPointEnergy.com).

If an Application is approved, CenterPoint Energy will forward the Project Sponsor a Standard Agreement for execution. Agreements are typically valid for a five-year period, and if a sponsor has an existing agreement, a new one should not be required during that period.

### Information and Application Contacts

<table>
<thead>
<tr>
<th>MATERIAL REQUESTS</th>
<th>BEST SOURCE</th>
<th>ADDRESS AND CONTACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Application, online Program Manual, and training guides</td>
<td>Website</td>
<td><a href="https://centerpoint.anbetrack.com/cnpportal/">https://centerpoint.anbetrack.com/cnpportal/</a></td>
</tr>
<tr>
<td>Application submission, and required supporting documents</td>
<td>Website</td>
<td><a href="https://centerpoint.anbetrack.com/cnpportal/">https://centerpoint.anbetrack.com/cnpportal/</a></td>
</tr>
<tr>
<td>Sponsor Agreements</td>
<td>Email</td>
<td>Will be provided to qualified Applicants by the Program Manager upon completion of the Application review.</td>
</tr>
<tr>
<td>Other inquiries</td>
<td>Phone or email</td>
<td>Calvin Burnham 713-207-3423 <a href="mailto:Calvin.Burnham@CenterPointEnergy.com">Calvin.Burnham@CenterPointEnergy.com</a></td>
</tr>
</tbody>
</table>
Confidentiality

Standard Offer Programs (SOP) are subject to oversight by the PUCT, which may request a copy of any program materials that CenterPoint Energy receives. Sensitive company and project information submitted by the Project Sponsor to CenterPoint Energy such as load information, process descriptions, management information, and financial statements will be treated confidentially by CenterPoint Energy staff and consultants.

Submission of False Information

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

Pre-Qualification for New Project Sites

Third-party sponsors must have on file a written statement of the governing body of any new project site application being proposed for the first time. The statement must be signed by an authorized representative of the governing body and must include the specific location, ESID number, and a definitive statement of intent to participate, along with a description of how the proposed Curtailable Load was determined. The third-party sponsor must keep each statement on file and be prepared to submit a photocopy to CenterPoint upon request.
Once an Application has been reviewed and approved by CenterPoint Energy, qualifying Project Sponsor Applicants will receive a Standard Offer Program Agreement. Because this is a Standard Offer Program authorized by the PUCT, the terms of the Standard Offer Agreement are uniform and effectively non-negotiable, except where it can be demonstrated to the satisfaction of CenterPoint Energy that unique circumstances merit and require revision. To incorporate each Project Sponsor’s project information, the approved Application becomes part of the Agreement.

Once the Standard Agreement is signed by both the Project Sponsor and CenterPoint Energy, the Project Sponsor’s primary obligations will be to:

- Respond effectively to calls for Scheduled and Unscheduled curtailments of the contracted Curtailable Loads when notified by CenterPoint Energy, and
- Maintain the desired load reduction throughout the duration of the event(s).

The primary obligations of CenterPoint Energy will be to:

- Perform the Monitoring and Verification activities for each Project Sponsor site to verify and measure the Demand Savings for each Curtailment.
- Calculate and issue the “Performance Period Payment” after each program year based on the average verified Demand Savings relating to the Unscheduled Curtailment(s) occurring between June 1 and September 30 each year (subject to program rules and limitations).
STEP THREE:  
THE PERFORMANCE PERIOD

To achieve the goal of assisting the ERCOT utility grid during peak demand periods, CenterPoint Energy set the maximum number of annual curtailments at six, including a maximum of two annual Scheduled (test) Curtailment(s) of one- to three-hour’s duration, and a maximum of four annual Unscheduled Curtailments of one- to four-hour’s duration each. A Project Sponsor will not be requested to curtail Curtailable Load no more than six times during a program year totaling a maximum of 22 hours.

Scheduled Curtailments

The SOP requires a maximum of two Scheduled (Test) Curtailment(s) during the peak demand season in each Agreement year. Scheduled curtailments are for testing program effectiveness, and are conducted under emergency grid reserve conditions or to serve a local need of CenterPoint’s transmission and distribution system. The duration of Scheduled Curtailments is one to three hours.

Unscheduled Curtailments

An Unscheduled Curtailment may occur in the event ERCOT notifies CenterPoint Energy that it is issuing an alert in anticipation of an EEA 2 level protocol. This means that a notice to curtail may be issued if an EEA 2 level alert has been reached or is considered imminent. A curtailment may also be called upon request by CenterPoint Energy’s Dispatch Center resulting from local system emergencies. CenterPoint Energy will notify Project Sponsors of an Unscheduled Curtailment with thirty (30) minutes’ notice of the start-time for the curtailment.

The duration of an Unscheduled Curtailment is one to four hours. Starting times may occur between 1:00 p.m. and 6:00 p.m. local time. Ending times will occur between 2:00 p.m. and 7:00 p.m.

The following terms, when capitalized and/or used solely in a Load Management context, are program-specific definitions applying only to the Load Management Program.

1.1 “Baseline Demand Usage” shall mean the amount of demand in the period(s) determined by CenterPoint Energy to be the baseline for comparison to Curtailment Demand Usage to calculate Demand Savings. The Baseline Demand Usage calculation methodology is described within the most current version of the Technical Reference Manual ("TRM").

1.2 “Contracted Demand Savings” shall mean the kW demand reduction during curtailment estimated in the approved application for each Project Site.

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4 ERCOT procedures state that Unscheduled curtailments may be called after an announcement by ERCOT of an EEA (Energy Emergency Alert) Level 2 grid reserve condition, or in imminent anticipation of EEA 2 conditions. The ERCOT rules governing the emergency system operation are available at: HTTP://ERCOT.COM.
1.3 “Curtailable Load(s)” shall mean the equipment, material, or systems at a Project Site that are identified in the application as load that will be curtailed at the request of CenterPoint Energy pursuant to the SOP. This includes loads that are temporarily shut off or reduced on call, as well as loads temporarily replaced by on-site standby generation or alternate drive. This does not, however, extend to power fed to the electric grid either during or apart from a called curtailment.

1.4 “Curtailment” shall mean shutting down the operation of Curtailable Load at the request of CenterPoint Energy pursuant to the SOP.

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

1.6 “Demand” shall mean the rate at which electric energy is used during a designated period (15-minutes), normally expressed in kilowatts (kW) or megawatts (MW).

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

1.8 “Eligible Customers” shall mean commercial and institutional electricity customers of CenterPoint Energy meeting all standards and conditions stated in this SOP and contract.

1.9 “IDR” shall mean Interval Data Recorder and may be used to also refer to SMART meters or other acceptable metering equipment.

1.10 “Incentive Budget” shall mean the amount of money budgeted by CenterPoint Energy for the SOP in each year of the Project.

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

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

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

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

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

1.16 “Peak Demand” shall mean electrical demand at the times of highest annual demand on the utility's system.
1.17 **“Peak Demand Reduction”** shall mean reduction in demand on the utility system during the utility system’s peak period.

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

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

1.20 **"Project Sponsor"** shall mean the party who is the provider of the energy efficiency services being purchased under this Contract and who is entering into this Contract with CenterPoint Energy.

1.21 **"Peak Demand Savings"** shall mean the maximum one-hour average demand reduction (in kW) that occurs when the system undergoing retrofit is operating at peak conditions during the Summer Period.

1.22 **"Project Site"** shall mean the location of a Customer’s Curtailable Load, as identified in the Application. For the purposes of this Agreement, multiple facilities representing Curtailable Load may be combined into one Project Site if they are connected to a single IDR meter. The total Curtailable Load at a Project Site must have a recorded history pattern of 100 kW or more demand usage and when interrupted in operation must result in a measurable and verifiable reduction in peak demand equal to the minimum standard set by the utility.

1.23 **“Scheduled Curtailment”** shall mean a Curtailment(s) that is pre-scheduled by CenterPoint Energy to occur during the Performance Period in every year of the Project.

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

1.25 **“Unscheduled Curtailment”** shall mean a Curtailment that is requested by CenterPoint Energy in response to a notification by the Electric Reliability Council of Texas (ERCOT) that ERCOT has implemented an Energy Emergency Alert level 2, or is requested by CenterPoint Energy’s Dispatch Center for local system emergencies.
CenterPoint Energy will perform the Monitoring and Verification (M&V) Process after each curtailment (Scheduled or Unscheduled). Demand savings and incentive payment amounts will be based on actual, verified Curtailable Load reduction. The M&V protocols are mandated by PUCT standardized procedures (Technical Reference Manual, or “TRM”). The current version of the TRM being used to determine the program’s M&V Process can be found within the program tracking database located at HTTPS://CENTERPOINT.ANBETRACK.COM/CNPPORTAL/. Some key points include:

1. TRM protocols establish a maximum that the “day-of” curtailment load shape can impact the baseline, which is based on the High 5 of 10 previous business days.

2. The average kW throughout the curtailment period is subtracted from the Baseline to determine the Demand Savings for each curtailment event.

3. Demand Savings used to calculate the yearly Incentive Payment will be based on the average Curtailed kW (Demand Savings) during all curtailments, including the Scheduled (Test) Curtailment(s).

4. The Incentive Payment will not exceed the Contracted Curtailable kW, except in circumstances where an exception is granted to offset shortfalls by other participants.

5. In the event no Unscheduled Curtailments occur, the demand savings used to calculate the Performance Period Payment will be the verified demand savings from the yearly Scheduled Curtailment(s).

The following representative data from the IDR metering illustrates how the data will be calculated and may appear in the M&V Demand Savings report:
Determinations of baseline per Technical Reference Manual (TRM)

- Test Event was Monday, July 11 from 2-5 p.m. (1400 to 1700 hrs).
- 30-minute curtailment notice was given at 1:30 p.m. (1330 hrs).
- The 2-hour pre-event adjustment period was 1130 a.m. to 1:30 p.m.
- Here is the methodology for calculating the adjusted baseline and kW curtailed:

<table>
<thead>
<tr>
<th>Day of the curtailment</th>
<th>AVG kW 2-5 p.m.</th>
<th>AVG kW 11:30 a.m. to 1:30 p.m.</th>
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</thead>
<tbody>
<tr>
<td>11-Jul</td>
<td>4,691</td>
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<td>8-Jul</td>
<td>7,138</td>
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</tr>
<tr>
<td>28-Jun</td>
<td>6,889</td>
<td>7,178</td>
</tr>
<tr>
<td>27-Jun</td>
<td>6,841</td>
<td>7,067</td>
</tr>
<tr>
<td>24-Jun</td>
<td>6,778</td>
<td>6,873</td>
</tr>
</tbody>
</table>

**CALCULATION METHODOLOGY:**

- High 5 of 10 Unadjusted Baseline AVG= 7,128 CODE = A
- Day of AVG ADJ period= 7,547 CODE = B
- High 5 of 10 ADJ period AVG= 7,178 CODE = C
- Additive Adjustment= 369 CODE = D = B - C
- High 5 of 10 Adjusted baseline = 7,497 CODE = E = A + D
- Curtailment Event Demand Avg = 4,691 CODE = F

**Load Shed (kW curtailed):** 2,805 = E - F
CenterPoint Energy pays Project Sponsors Incentive Payment in a single lump sum installment following the close of the season.

CenterPoint Energy’s payment of the Incentive Payment to Project Sponsor is expressly conditioned upon Project Sponsor’s meeting its contractual obligation, including receipt by CenterPoint Energy of all required notices, submittals and materials from Project Sponsor within the applicable period specified in the Agreement, as well as performance. Project Sponsors may be asked to complete an affidavit regarding their affiliate status when all sponsors for a given program year have been determined.

Available Budget and Limitations

1. The Load Management Program is projected and planned to be a continuing program, subject to future changes in Public Utility Commission of Texas (PUCT) regulations and rulings. Program and budget changes are reflective of market conditions and budget limitations. The program goal for 2019 is 104.7 MW.

2. To ensure that incentives are available to a wide-range of eligible customers and energy service providers, each participating Project Sponsor of CenterPoint will be limited to twenty percent (20%) of the annual program goal. This restriction may be lifted by CenterPoint Energy, at its sole discretion, if there are insufficient Project Sponsor applications to fill CenterPoint Energy’s annual demand savings goal.

3. CenterPoint Energy is not obligated to pay a Project Sponsor for verified Demand Savings that exceed the amount of the proposed demand savings in the Project Sponsor’s Application (Contract kW), although at CenterPoint Energy’s sole discretion and provided SOP funds are available; CenterPoint Energy may issue bonus payments at its sole discretion.

4. In the unlikely situation the interval data for a participant is determined to not be valid for the accurate calculation of load shed or baseline amounts for a scheduled or unscheduled event (i.e., estimated data or loss of data due to meter malfunction, etc.), that event will be ignored and not included in the calculation of the participant’s total incentive. (See Technical Reference Manual, version 6, volume 5, section 3.1.2, Meter Issues).

For additional info, contact:
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