

**EL PASO ELECTRIC COMPANY'S 2017
COMMERCIAL STANDARD OFFER
PROGRAM MANUAL**



February 2017

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Introduction

1. Overview

Under the Commercial Standard Offer Program ("SOP"), El Paso Electric Company ("EPE" or the "Company") pays amounts to energy efficiency service providers ("EESPs") who, for the purposes of this SOP, are referred to as "Project Sponsors," for the installation of Measures that save energy and peak-period electric demand. These amounts, referred to as "Incentive Payments," are based on verified Energy Savings and Demand Savings that occur at eligible Commercial Customer (Customer) sites. Incentive eligibility is based on the following criteria:

- The facility to receive the installation of Energy Efficiency Measures must be classified as a Commercial Customer according to Public Utility Commission of Texas ("PUC") Substantive Rule §25.181;
- The facility must be a Texas retail customer of EPE;
- The energy efficiency Measure or Measures must be new and a result of EPE's SOP;
- The Project and installed Measures must be in compliance with all local, state, and federal rules, codes, and regulations, including, but not limited to, the rules of the PUC Substantive Rule §25.181.

To participate in the SOP, Project Sponsors undergo an application process and enter into a standard contract ("SOP Agreement") with EPE. Each Project Sponsor will execute one SOP Agreement to apply to all projects in that same single program year. Under the SOP Agreement, the Project Sponsor agrees to deliver Demand Savings and Energy Savings through the installation of eligible energy efficiency Measures at a Customer's, or group of Customers', site(s). To receive Incentive Payments, the Project Sponsor must demonstrate the Demand Savings and Energy Savings delivered by the installed equipment by performing stipulated, simplified, or comprehensive measurement and verification ("M&V") activities. Capitalized terms used, but not defined, in this Manual (including the Glossary appended to this manual as Appendix A) shall have the meanings set forth in the SOP Agreement.

This Manual is supplemented by several additional documents that are available for download from EPE's SOP website, www.epelectricefficiency.com. Users can also access this website via the Energy Efficiency link on EPE's primary website, www.epelectric.com. These additional documents cover stipulated or "Deemed" savings values and M&V procedures for a wide range of energy efficiency Measures. All SOP information, including application materials, will be available online at the EPE SOP website mentioned above once the program opens for the year. On **February 20, 2017**, at 12:00 P.M. Mountain Standard Time, EPE will open its online enrollment page, whereby applicants may begin entering general application data. At that time, EPE will officially begin accepting applications for the 2017 program year on a first-come, first-served basis.

All program-related email correspondence should be sent to the following email address: EPECommercialSOP@frontierassoc.com.

2. Background

Beginning in March 2000, electric utilities in Texas began implementing energy efficiency programs under the Energy Efficiency Substantive Rule §25.181 adopted by the PUCT to increase the level of energy efficiency in Texas. In January 2006, although EPE is not open to retail customer choice and is outside of the Electric Reliability Council of Texas (ERCOT) area, the PUCT Substantive Rule §25.421 established that EPE must meet the same energy efficiency goals as the other Texas electric utilities as laid out in Substantive Rule §25.181. This program has been developed to comply with Substantive Rule §25.181 and all subsequent rulings and dockets pertaining to EPE's energy efficiency expenditures and goals.

3. Standard Offer Program (SOP)

In an SOP, a Project Sponsor proposes to deliver certain levels of Demand Savings (measured in kilowatts or "kW") and annual Energy Savings (measured in kilowatt-hours or "kWh"). EPE will pay a fixed price, which, for the purposes of this program, is referred to as an "Incentive Payment," to a Project Sponsor for each kW and kWh of savings. All payments to a Project Sponsor will be based solely on kW and kWh savings. In an SOP, a Project Sponsor may install any combination or quantity of eligible Measures and receive up to the maximum Incentive Payment value. Eligible Measures are outlined later in this Manual and generally include any long-lasting, permanently-installed equipment or building shell improvement that exceeds applicable local, state or federal minimum efficiency standards that would not have been installed in the absence of this Program. A Project Sponsor may choose to measure actual Demand and Energy Savings directly through the M&V process, if prior approval is given by EPE, or utilize the PUCT approved Deemed Savings calculations. Deemed Savings values for most of the common Measures installed in commercial applications (reference the website: <http://www.texasefficiency.com/index.php/> for the Texas Technical Reference Manual, 2017 TRM v4.0, hereinafter "*TRM*", for a complete list) has been approved by the PUCT.

The SOP is open to participation by a wide range of potential Project Sponsors. The PUCT has adopted rules and requirements governing SOPs. The purpose of this Manual is to identify and explain these program requirements and to serve as a reference for Project Sponsors. Project Sponsors must read and comply with all governing rules and regulations, including those published by the PUCT (in particular, Subst. Rule §25.181.) and the SOP Agreement.

NOTICE TO PROJECT SPONSORS

EPE RESERVES THE RIGHT TO INCORPORATE ANY OR ALL CHANGES RESULTING FROM PUCT RULEMAKING PROCEDURES AND OTHER PUCT PROCEEDINGS INTO EPE'S 2017 PROGRAMS AS THEY ARE APPROVED. PROJECT SPONSORS WILL BE PROVIDED WITH ADEQUATE NOTICE OF ANY CHANGES AFFECTING THEIR PROJECTS.

Program Description

4. Program Goals

The main goal of the 2017 SOP is to reduce annual Peak Demand at EPE Customer facilities to satisfy the current goal as set forth by the PUCT. In addition to this energy efficiency goal, there are secondary program goals that are reflected in the program rules and procedures. These secondary program goals include:

- Encourage private sector delivery of energy efficiency products and services;
- Achieve Customer energy and cost savings;
- Significantly reduce barriers to participation by streamlining program procedures and M&V requirements; and
- Minimize the burden of M&V requirements for the program by offering stipulated or deemed savings options where possible.

5. Eligibility

5.1. Project Sponsor Requirements

The following types of organizations are eligible to participate as Project Sponsors in the SOP:

- Energy service companies (ESCOs)
- Energy Efficiency Service Providers (EESPs)
- National or local contractors
- National or local companies that provide energy-related products (i.e. Lighting or HVAC)
- Commercial Customers whose Peak Demand equals or is greater than 50 kW acting as their own Project Sponsor

Entering into an SOP Agreement with EPE as a Project Sponsor does not imply EPE's endorsement or approval of any company, product, or service. Project Sponsors are prohibited from characterizing any SOP Agreement or other agreement as an endorsement, or commissioning, of the Project Sponsor to perform efficiency Projects on behalf of EPE.

5.2. Eligible Customers

Eligible customers are defined as new or existing Commercial Customer sites in EPE's Texas Service Territory. In order to qualify for the SOP, a customer must be a non-residential distribution voltage customer of EPE.

5.3. Eligible Energy Efficiency Projects and Measures

Any PUCT-approved Measure or any Measure assigned a Deemed Savings value by the PUCT is eligible under EPE's SOP. Table 1 provides examples of eligible and ineligible Measures.

Project Sponsors may propose innovative or non-traditional energy-efficiency Measures, but will require EPE preapproval. At a minimum, the proposed energy efficiency Measures must meet the following requirements:

- A Measure must produce a measurable and verifiable reduction in either purchased electric energy, measured in kWh, or Peak Demand, measured in kW, or both.
- Renewable Energy Measures meeting the requirements of the PUCT's Energy Efficiency Rule, Substantive Rule 25.181(c)(50), may qualify for an Incentive Payment.
- A Measure must meet or exceed the Estimated Useful Life as approved by the PUCT.
- A Measure must meet or exceed minimum local, state or federal or other efficiency standards as provided in this Program Manual.

If the Project Sponsor proposes Measures for which Deemed Savings values have not been approved by the PUCT, Incentive Payments must be based on verified Demand and Energy Savings using the current International Performance Measurement and Verification Protocol ("IPMVP"). The IPMVP may be downloaded from www.evo-world.org. The 2017 TRM v4.0 provides additional guidance on alternate M&V approaches for such proposed Measures. The 2017 TRM v4.0 document is available at EPE's SOP website.

The Incentive Payments will be paid only for Demand Savings and Energy Savings directly related to end-use equipment installed under the Project. Savings due to interactive effects between lighting Measures and space-cooling equipment (in cases where lighting Measures have been installed in an electrically cooled space) will be eligible for Incentive Payments based on a stipulated value only. Interactive effects between other end-use equipment will not be eligible for program Incentive Payments.

If any of the Baseline equipment at a Project Site has been removed or modified prior to the acceptance of the project by EPE, or if any of the proposed Measures have been installed prior to the acceptance of the project by EPE, the Project, or the affected portions thereof, will be disallowed.

EPE will be the final authority on whether any particular Measure is eligible for Incentive Payments.

See Examples of Eligible and Ineligible Measures and Projects on the Next Page.

Table 1: Examples of Eligible and Ineligible Measures and Projects

| Example of Eligible Measures or Projects | Example of Ineligible Measures or Projects |
|--|---|
| <p><u>Commercial Cooling and Ventilation</u></p> <ul style="list-style-type: none"> • Installation of high-efficiency chillers or packaged cooling units • Air-side and water-side economizer • Fan and pump motor efficiency upgrades • Constant air volume (CAV) to variable air volume (VAV) conversion • Fan and pump variable speed drive (VSD) installations <p><u>Commercial Lighting</u></p> <ul style="list-style-type: none"> • High-efficiency fluorescent and approved LED lighting that replaces less efficient lighting • Lighting controls to reduce operating hours (in conjunction with lighting efficiency Measures only) • Compact fluorescent lamps (CFLs) with hard-wired ballasts or permanent disks • LED exit sign or traffic signal retrofits • Installation of premium-efficiency lighting in new construction projects <p><u>Refrigeration</u></p> <ul style="list-style-type: none"> • Refrigeration case doors • Commercial refrigeration efficiency (multiplexing compressors and other refrigeration efficiency Measures) <p><u>Commercial Process</u></p> <ul style="list-style-type: none"> • Variable speed drive installations on fans and pumps | <ul style="list-style-type: none"> • Measures that do not meet or exceed the Measure’s Estimated Useful Life • CFLs without hard-wired ballasts or permanent disks (anti-theft locking devices utilizing a key-removable insert are not eligible) • Cogeneration and self-generation projects, except renewable technologies • Electric equipment with secondary power source (e.g., electric chiller with independent gas generator) • *Showerheads and aerators (M&V only) • Fuel switching to electric • Load reductions caused by building vacancies, decreased production, or other changes in occupant characteristics or behavior • Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls • Energy-efficient gas-only Measures • New construction or expansion projects in facilities that do not comply with the International Energy Conservation Code • Repair and maintenance projects • Measures that rely solely on customer behavior or require no capital investment • Load Shifting other than Thermal Energy Storage • Measures that receive an Incentive Payment through any other Energy Efficiency Programs offered by EPE |

****Note: there are no deemed savings values for commercial showerheads and aerators; M&V would be required for those measures.***

6. Program Incentives

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

6.1. Available Budget

EPE has allocated for the Commercial SOP an Incentive Payment budget of \$391,995.00 for the 2017 program year and does not include unused money from the previous program year. If the budget is not completely reserved by July 1st of the program year or at EPE's discretion, funds may be shifted to other EPE Energy Efficiency programs.

6.2. Incentive Rates

The Incentive Payment rates for Projects implemented under this SOP are as follows:

| | Incentive Payment Rate |
|----------------------|------------------------|
| kW (Demand Savings) | \$194.00 |
| kWh (Energy Savings) | \$0.05 |

The kWh payment is based on the *annual* Energy Savings, defined as the Energy Savings occurring during the one-year period immediately following installation. The kW payment is based on Demand Savings, defined as the maximum expected coincident demand reduction during peak periods. A detailed description of the applicable peak period is included in Volume 1 of the Texas Technical Reference Manual (TRM).

Note: Incentive Payments to Project Sponsors may be adjusted based on inspection results as described elsewhere in this Manual and in the SOP Agreement.

6.3. Efficiency Standards

EPE has designed the SOP to encourage electric energy-efficiency improvements that achieve savings above and beyond the efficiency gains typically achieved in retrofit or replacement projects. Consequently, credit for Energy and Demand Savings will be awarded only for reductions that exceed current industry accepted minimum efficiency standards, where applicable.¹ The Baseline equipment efficiencies for retrofit measures are derived from the standards listed in the following table.

¹ In cases where standards do not exist, savings credit will be based on improvements relative to energy use prior to participating in the Commercial SOP.

Table 2: Baseline equipment efficiency standards for retrofit measures

| Equipment Type | Applicable Standard |
|---|--|
| Cooling Equipment - Chillers, Room Air Conditioners, and Package Terminal Air Conditioners and Heat Pumps | ASHRAE 90.1-2007/2010 (and previous), IECC 2009 (and previous), or the Federal Manufacturer Standard |
| Cooling Equipment – Unitary Air Conditioners and Heat Pumps | ASHRAE 2007/2010 (and previous), IECC 2009 (and previous) or Federal Manufacturer Standard |
| Lighting | Standard Lighting Wattage Table (based on 1992 EPACT and subsequent modifications) |
| Motors | ASHRAE 90.1m-1995 |

Baseline and minimum equipment efficiency tables are included in the 2017 TRM 4.0 which are available for download from the EPE SOP website. For new construction projects, the SOP requires the installation of equipment that is more efficient than is specified by code. The applicable Baseline equipment efficiency standard for all new construction Measures and the minimum equipment efficiency standard for all projects can be found within the 2017 TRM v4.0 document available on the EPE SOP website.²

6.4. Energy Savings Measurement Options

All Incentive Payments to Project Sponsors are based on the Project's Demand Savings and annual Energy Savings as determined pursuant to this Manual. M&V procedures will vary in detail and rigor depending on the Measures installed. For each installed Measure, the chosen procedures will depend upon the predictability of equipment operation, the availability of evaluation data from previous programs, and the benefits of the chosen M&V approach relative to its cost. Project Sponsors are responsible for conducting all M&V activities for the Project and for paying all associated costs. These procedures may be classified according to three distinct approaches that represent increasing levels of detail and rigor:

6.4.1. Deemed or Stipulated Savings. Uses pre-determined values, adopted by the PUCT, of typical equipment characteristics and operating schedules developed for particular applications to perform engineering calculations resulting in average kW and kWh savings. These Deemed Savings values may be found in the 2017 TRM v4.0, available on the EPE SOP website. The Project Sponsor is not required to perform any M&V with Deemed Savings. This approach is designed for use with most HVAC Measures and lighting efficiency and controls Projects.

6.4.2. Simplified M&V. This method is commonly used for lighting retrofits in

² Where higher Federal Energy Efficiency Standards apply, they will serve as the Baseline equipment efficiency standard for New Construction projects and as the Minimum equipment efficiency standard on all projects.

commercial applications where Deemed Savings are not applicable, but can also apply to certain HVAC Measures. EPE preapproval is required prior to using this method. Savings values using this approach are based on simple engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, with some short-term testing or simple metering. For example, chiller Demand Savings and Energy Savings can be determined using the simple approach by comparing rated efficiencies of high-efficiency equipment to standard equipment, and using kW spot-metering and simple long-term kWh metering. Consult the *2017 TRM v4.0* available on the SOP website for more detailed information. Project Sponsor must get prior approval from EPE before using this method.

6.4.3. Measured Savings (Full M&V). With this option, actual measurements and analysis through metering, billing or regression analysis, or computer simulation are relied upon to calculate Demand and Energy Savings. EPE preapproval is required prior to using this method. There are specific M&V procedures based on the International Performance Measurement and Verification Protocol (IPMVP). This Protocol serves as the starting point for standard industry practice and specifies how and what M&V procedures are to be used in calculating Demand and Energy Savings. More information about the IPMVP may be found at www.evo-world.org. **Project Sponsors selecting this option must submit an M&V Plan. Each proposed M&V Plan must be approved by EPE before any associated Measures may be installed. This option may provide more accurate savings measurements, but will likely increase the Project Sponsor's implementation expenses since the Project Sponsor is responsible for conducting all M&V activities. In addition, if EPE, in its sole judgment, determines that its own administrative costs would exceed 5% of the total Project Incentive Payment requested as a result of a Project Sponsor's proposed M&V Plan, EPE has the option of charging the Project Sponsor a fee to offset these incremental M&V costs. Project Sponsor must get prior approval from EPE before using this method.**

6.5. Project Funding Limits

The minimum Project size is 5 kW of Demand Savings for this SOP; however, this minimum project size may be waived at EPE's discretion. Initially, funding reservations will be limited so that no individual Project Sponsor or their Affiliates will receive more than 50% of EPE's total SOP Incentive Payment budget. If the budget is not completely reserved by July 1st or at EPE's discretion, these funding limits may be waived.

A Project Sponsor may participate in multiple Projects, subject to the 50% limitation. No Project Sponsor has unconditional entitlement to the SOP Incentive Payment funds.

6.6. Payment Procedures

The procedure for paying Incentive Payments varies based on the M&V option that has been selected by the Project Sponsor.

6.6.1. Deemed Savings Option.

With the Deemed Savings option requiring no M&V, the Project Sponsor receives 100% of the Incentive Payment within approximately 45 days after EPE's approval of the Project pursuant to Section **Error! Reference source not found.**

below, and incentive invoice has been received by EPE. Incentive Payments are subject to EPE's Post-Installation Inspection results.

6.6.2. Simplified M&V Option

With the Simplified M&V option typically requiring only limited and short-term M&V, the Project Sponsor receives 100% of the Incentive Payment within approximately 45 days after the approval of the Savings Report, pursuant to Section 12 below, and incentive invoice has been received by EPE. Incentive Payments are subject to EPE's Post-Installation Inspection results.

6.6.3. Measured Savings Option

The Measured Savings (or "Full M&V") option requires that actual measurements and analyses be relied upon to calculate Demand Savings and Energy Savings. The Project Sponsor will receive two payments that will comprise the total Incentive Payment for a Project as stated in the SOP Agreement: an Installation Payment and a Performance Payment.

The Installation Payment represents 40% of the total estimated Incentive Payment. EPE will issue the Installation Payment within approximately 45 days after the approval of the Installation Report and incentive invoice has been received by EPE. This payment is subject to EPE's Post-Installation Inspection results. EPE will use the following formula to calculate the amount of the Installation payment:

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

The Performance Payment may be up to 60% of the total estimated Incentive Payment for a Project, and will be based on the annual kWh and peak kW savings that the Project Sponsor measures and documents in its Savings Report, pursuant to Section **Error! Reference source not found.** below, and finalized M&V Plan. This payment is subject to EPE's Post-Installation Inspection results. EPE will issue the Performance Payment within 45 days of Project Sponsor submitting the Savings Report and invoice. The Performance Payment will be calculated as follows:

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

Under no circumstances will EPE make a total Incentive Payment (i.e. the sum of the Installation and Performance Payments) that is more than 100% of the total estimated Incentive Payment. If the Savings Report indicates that the Measured Energy Savings and Measured Demand Savings are less than the estimated Energy Savings and Demand Savings, the total Incentive Payment will be less than the payment estimated in the Agreement. If the above formula results in a negative amount, EPE will notify the Project Sponsor within 10 business days, and Project Sponsor must refund that amount to EPE within 45 days of the submittal of the Savings Report.

The approved Performance Payment will also reflect any needed adjustments EPE identified during Project Site inspections. If there are any adjustments to be made

to kW or kWh savings or Incentive Payments, EPE will notify the Project Sponsor in writing and provide the necessary supporting documentation. If the Project Sponsor disagrees with the adjustments, it must notify EPE in writing within ten (10) business days and request that 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 SOP Agreement will be used.

6.7. Maximum Project Load Factor

To limit payments for excessive off-peak energy savings, EPE has set the maximum incentive payment for each project based upon a Project maximum annual load factor (energy savings / (demand savings * 8,760)) of 60%. This corresponds to payment for a maximum of 5,256 kWh of energy savings per every 1 kW of demand savings achieved, i.e., a maximum total incentive payment of \$456.80 per kW of demand savings.

6.8. Fuel Switching Measures

At EPE's discretion, retrofit Projects involving fuel switching (i.e., electric chillers to gas or absorption chillers) may be eligible for the SOP provided such a Project results in overall lower energy costs, lower energy consumption, and the installation of high-efficiency equipment. Incentive Payments will be based on the electric Demand Savings and the adjusted Energy Savings of the Project. Energy Savings are adjusted by the amount of new fuel consumption. Refer to the *2017 TRM v4.0* available on EPE's SOP website to determine how to calculate fuel-switching Demand Savings and Energy Savings. As mentioned earlier, fuel switching to electric is not an eligible Measure in the SOP. In new construction projects, fuel switching to fossil fuel is also not an eligible Measure.

Participation Process

7. Program Participation Phases & Dates

7.1. Participation Phases

Participation in the SOP involves the following basic phases:

- 1. Project Sponsor Registration in P3 Tracking System (Section 8)**
 - a. P3 New User Registration
- 2. Create Program Enrollment Application (Section 9)**
- 3. Project Pre-Approval Process**
 - a. Project Sponsor creates Project Application (Project)
 - b. EPE Pre-Approval Process, including Pre-Inspection
 - c. Project Pre-Approved and moved to Work Completion Pending status and Funds are Reserved
- 4. Work Completion Pending**
 - a. Installation of Project
 - b. Submission of Project for Final Approval
- 5. Final Approval Pending: Post-Installation Inspection & Payment (Section 12)**
 - a. Post-Installation Inspection by EPE
 - b. If using Simplified or Full M&V Approach: Conduct any required M&V activities and submit a Savings Report (SR). (See Section **Error! Reference source not found.**)

Additional information on the requirements of each phase can be found in the designated Sections specified above. Refer to the flowchart in Figure 1 for an overview of Program Participation phases.

7.2. Program Dates and Milestones

- **Program Opening:** The Program will start accepting Project Applications (PAs) on **February 20, 2017 at 12:00 p.m. Mountain Standard Time** on a first-come, first-served basis.
 - PA must be submitted by October 1, 2017.
 - EPE will continue to accept PAs for the SOP until all funds have been committed. After this time, submitted applications will be placed on a waiting list. Applications or Projects on a waiting list will not automatically be carried over into the next program year.
 - EPE may choose to discontinue accepting PAs at a point in the Program year when, at EPE's sole determination, completion of a Project within the year would not be feasible.

- **Deadline to Begin Work:** Upon approval of PA, Project Sponsor must begin work within 60 days.

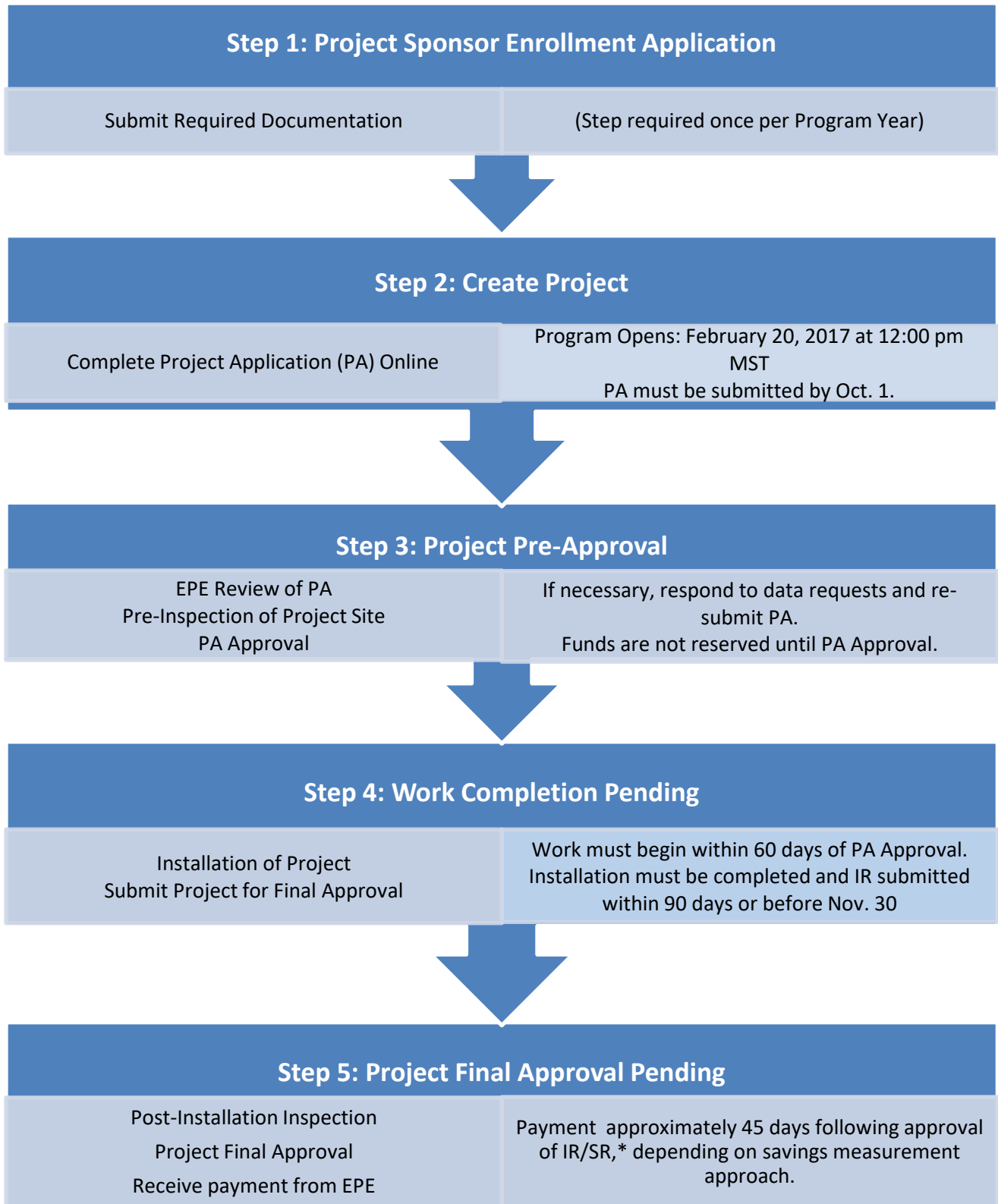
Installation Deadline: For Program year 2017, Project installation must be completed and the Project **must be submitted within 90 days of the PA approval date or no later than the close of business on November 30, 2017**, whichever is sooner.

Note that in all cases, program dates and milestones specified in the SOP Agreement supersede this and any other documents.

In order to avoid any delays, Project Sponsors must submit all required information and respond to any requests for additional information or clarification by EPE in a timely manner.

7.3. Program Participation Process Flowchart

Figure 1. Participation Overview



**Note: Projects requiring M&V will submit a Savings Report as part of Step 5.*

8. Project Sponsor Registration

Project Sponsors are required to submit the following documents to register for the Program. Note: Project Sponsor Registration and contract agreement are required one time per program year and apply to all projects completed in the current year. All documents can be uploaded to the P3 tracking system at epe.p3.enertrek.com.

- Certificates of Insurance evidencing the required coverage and policy endorsements (see “Insurance Requirements”, Section 8.1 below – Note: not required for customers acting as Project Sponsors); must be sent by insurance company to the following email address: EPECommercialSOP@frontierassoc.com
- W9 Form (Request for Taxpayer Identification Number and Certification, available at <http://www.irs.gov/uac/Form-W-9,-Request-for-Taxpayer-Identification-Number-and-Certification>; Company Name and Taxpayer ID # on W9 must match the Company’s Federal tax return. This can be sent to the following email address: EPECommercialSOP@frontierassoc.com
- EPE-Project Sponsor SOP Agreement (SOP Agreement) with EPE (see “EPE – Project Sponsor SOP Agreement (SOP Agreement)”, Section 8.2 below). Original signed copy must be sent via mail.

8.1. Insurance Requirements

Proof of insurance is required for Project Sponsor participation, unless customer is acting as self-sponsor. At all times during the term of the SOP Agreement, EPE requires Project Sponsor to carry and maintain at Project Sponsor’s sole cost and expense the following insurance coverage in each case issued by an insurer having an A. M. Best Company rating of A-VI or better:

- Commercial general liability coverage including broad form contractual liability with minimum limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate;
- Business automobile liability coverage including owned, non-owned, and hired vehicles with a combined single limit of liability of not less than \$1,000,000 per occurrence; and
- Workers’ compensation and employer’s liability coverage with minimum limits of liability of \$500,000.

Each policy of insurance referenced in this section shall be endorsed to (i) provide EPE not less than thirty (30) days advance written notice of the expiration, termination, cancellation, or modification of such policy, (ii) waive subrogation of all claims against EPE (provided that the requirement prescribed by this clause (ii) shall not apply to Project Sponsor’s workers’ compensation/employer’s liability coverage), and (iii) name EPE as an additional insured.

Certificates of insurance must be provided directly from the Project Sponsor’s insurance company. Certificates of insurance submitted directly by the Project Sponsor will not be accepted. As part of its Program Registration, Project Sponsor shall have their insurance provider send EPE proof of insurance evidencing the coverage and policy endorsements described in this section. Additionally, Project Sponsor will have their insurance provider send EPE a copy of each policy endorsement upon issuance by the applicable insurer. **EPE is not responsible for the late arrival of any certificates**

submitted by the insurance company and will not waive deadlines for any applicant for such late submittals.

8.2. EPE – Project Sponsor SOP Agreement (SOP Agreement)

The SOP Agreement, available for download from the Program website, is executed once per Project Sponsor per program year, and applies to all projects in the current year. **THE TERMS OF THE SOP AGREEMENT ARE STANDARD FOR ALL PROJECT SPONSORS AND, AS SUCH, ARE NON-NEGOTIABLE.**

The SOP Agreement must be executed between the Project Sponsor and EPE prior to submitting any project applications.

9. Project Application (PA)

9.1. Overview

Project Sponsors must submit a Project Application (PA) via the Internet on EPE's SOP website. The PA pages of the website will be available on **February 20, 2017** at 12:00 p.m. Mountain Standard Time for potential Project Sponsors to begin inputting and submitting application data.

The PA must be submitted by October 1, 2017. EPE will utilize its mail server's time stamp to determine the order of receipt. Confirmation of the receipt of the Project Application will be sent via return e-mail. PAs will be considered on a first-come, first-served basis. Following Project Application review, Pre-Inspection, and approval, EPE will reserve Incentive Payment funds relating to the Project's estimated savings.

The PA includes several forms to be filled out by the Project Sponsor. These forms are available electronically on the SOP website. A summary of the requirements for the PA is provided below.

9.2. Required Information

The PA requires the following information:

- **Project Sponsor Information Form** includes: contact name, address, federal tax ID number, phone number, fax number, e-mail address, and names and addresses of all subcontractors and/or Affiliates.
- **Project Sponsor Qualifications Form** includes the following (some are marked as optional – Sponsor may input N/A to skip):
 - Evidence that Project Sponsor and any subcontractors possess all applicable licenses and insurance. Evidence includes a list of applicable licenses, license holders, license numbers and insurance certificates. Hardcopies should be submitted as supplemental material;
 - Disclosure of any legal judgments pending, or entered in the previous two years, by or against Project Sponsor, as well as a current list of pending litigation filed by or against Project Sponsor; and
 - Disclosure of any complaints made to the PUCT against the Project Sponsor in the last 2 years.

- A brief statement of the Project Sponsor's capabilities and experience (maximum of 500 words) (*optional*);
- Evidence of the Project Sponsor's financial strength and capability. This may include company description, trade references, and/or other information deemed appropriate by the Project Sponsor (*optional*);
- Three client/customer references for Projects similar in nature to that proposed in this application (include contact name, address, and phone number) (*optional*);
- **Project Description Form** includes:
 - A description of the proposed set of energy-efficiency Measures, estimated Demand Savings and Energy Savings, and estimated Incentive Payment; and
 - A brief work plan presenting Project design, M&V approach, implementation, and anticipated Project timeline. The plan should demonstrate the ability to meet the Program implementation milestone schedule outlined in Section 7.2.
- **Customer Site Information** includes: company name; site address; site contact name, phone and fax; building type, operating schedule and floor area; EPE account number and expected Demand Savings and Energy Savings by Measure type with more detailed information about the proposed energy efficiency Measures and their associated savings.
- **Preliminary Savings Calculations** requests the preliminary savings calculations, including assumptions, methods and formulas, to support the requested Incentive Payment.
- **Program Equipment Survey Forms** are provided as standard templates for Project Sponsors completing equipment audits of retrofit equipment inventories for the PA. Regardless of the M&V method selected, these forms must be used and submitted by Project Sponsor for all equipment information (operating schedule, equipment counts, applicable standard efficiencies, nameplate data, etc.).

Project Sponsors are able to upload the equipment survey data directly to the P3 online database using the Survey Forms available at the EPE SOP website under Downloads/Tools. In general, each form consists of multiple columns with spaces for the Project Sponsor to input equipment counts, locations, operating schedules and sequences, equipment manufacturer, model number, rated capacity, etc. Information must be supplied for pre-installation and post-installation equipment. Additional information and step-by-step instructions on completing these forms are included in the individual Equipment Survey Forms themselves.

Any equipment not specified in the Equipment Survey Forms must still be listed in the PA, and Project Sponsor must supply sufficient information for EPE's approval. Therefore, it is recommended that Project Sponsor work closely with EPE Program Coordinator when surveying equipment not specified in the forms.

Project Sponsors must submit the Equipment Survey Forms via the Internet, using only the on-line survey forms provided at the EPE SOP Website.

- **Supplemental Information:** submitted to EPE as hardcopy or electronically, as appropriate, the following must be received within ten (10) business days of Internet submittal of the Project Application forms above:
 - **Spec Sheets** for proposed equipment;
 - **Site Profiles** for each site with Demand Energy Savings claimed in the Project. Site schematics and additional site information, such as building occupancy and equipment operating schedules, should be provided as appropriate;
 - **Proposed Project-specific M&V Plan** describing how the Project Sponsor will measure and verify Demand Savings and Energy Savings, the methods for calculating actual savings, and the schedule for conducting and reporting on M&V activities (Note: this is not required for Deemed Savings Projects). In some cases, pre-installation M&V activities may be required to accurately estimate savings;
 - Fully-executed **Project Sponsor-Customer Agreement(s)** from the Customer contracting with a Project Sponsor for each Customer site involved in the Project. Agreement(s) must be signed by the Project Sponsor and Customer (Note: this is not required if Customer is self-sponsored, but **MUST** be provided if not). If a copy of the Project Sponsor-Customer Agreement is not provided to EPE within the required timeframe, EPE may terminate the SOP Agreement with the Project Sponsor and withdraw the Incentive Payment Budget Reservation for that Project;
 - **Savings Calculations** updated and further substantiated with a list of methods, assumption or engineering calculations used to derive the Demand Savings and Energy Savings of each Measure. Calculations should be based on the efficiency of the proposed equipment compared to that of new, minimum-standard efficiency equipment and must be consistent with the proposed M&V Plan described above
 - Indication whether Project Sponsor has participated in another Texas electric utility's Standard Offer Program(s) (listing all utilities and respective programs within the past three years);
 - All applicable licenses required under state law and local building codes; and
 - Evidence of all building permits required by governing jurisdictions.

EPE Commercial Customers that qualify to act as their own Project Sponsor are not required to demonstrate their technical or financial capabilities and experience, and do not need to include references, disclosure of legal judgments or litigation, or Certificates of insurance.

10. Review, Pre-Inspection & Approval

10.1. Review of Project Applications

EPE will review the PA for both Project Sponsor and Measure eligibility. If a Project Sponsor's PA is accepted, EPE will reserve the requested Incentive Payment funds for the applicant. EPE may reject, in its sole discretion, a PA if:

- The PA is received after October 1, 2017;
- The PA is found incomplete or insufficient;
- 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 application;
- Funding is not available;
- Project has already begun;
- Changes occur in laws or regulations directly affecting the proposed Project or this Program; or
- EPE, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the Program.

EPE may request clarification of, or additional information about, any item submitted as part of the PA. Project Sponsors will have five (5) business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, EPE may, at its sole discretion, request additional information or discontinue its evaluation of the submittal. However, the Project Sponsor will lose its initial position in the order of submittal for Incentive Payment fund reservation purposes. After the application information has been reviewed by EPE, the Project Sponsor will be notified of its Project award status.

10.2. Minimum Project Size

The minimum Project size for eligible projects is 5 kW of Demand Savings; however, this minimum project size may be waived at EPE's discretion.

10.3. Pre-Approval Process and Pre-Installation Inspection

EPE may conduct a Baseline pre-installation inspection of the Project Site at its own discretion as part of the PA review process, to verify the Baseline conditions documented in the application and the eligibility of the proposed Measures. **NOTE: The pre-installation inspection requires the presence of at least one Project Sponsor or Customer representative who is familiar with the Project so that all parties can identify any concerns and/or discrepancies simultaneously.**

The pre-installation inspection will verify the following information:

- The accuracy of the Baseline equipment survey. For most Measures, the accuracy of the equipment quantity and nameplate information is verified. For lighting Measures, the requirement for acceptance is that the total projected Energy Savings of the sample of fixtures inspected must be within $\pm 5\%$ of the total projected Energy Savings of the same fixtures submitted on the survey form.
- The M&V plan is appropriate for the Measure, and any necessary pre-installation M&V activities are being performed.
- All Existing Equipment listed in the PA is still in place and operational.

- New equipment installation, or old equipment removal, has not begun.

If electrical measurements are necessary, the Project Sponsor's representative is required to perform any necessary disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. The Project Sponsor is required to handle all of the necessary electrical measurements. If the proposed Baseline conditions cannot be verified, the PA will be rejected.

11. Installation & Reporting

11.1. Work Completion Pending

Work must begin within 60 days of Project Pre-approval. Upon Project installation, Project Sponsors must submit the project for Final Approval in order to be eligible for incentives within the current program year. The Work Completion pending status updates any information proposed in the PA that has now been finalized after completion of the Project.

Project installation must be completed and the project must be submitted for Final Approval within 90 days or no later than November 30, 2017, whichever is sooner.

The Work Completion Pending status typically includes the following information:

- **Installation Completion Dates** for each Measure type; and
- **Updates** to the following:
 - **Project Sponsor Information Form**, if necessary;
 - **Project Description Form** finalized. Information submitted via the internet;
 - **Customer Site Information Form**. If information and savings estimates have not changed since the approval of the PA, the forms submitted and approved with the PA may be resubmitted;
 - **Equipment Survey Forms**. The on-line survey forms will retain all information regarding pre-installation and post-retrofit equipment from the PA phase and may simply be resubmitted if no updates are necessary. Forms are accessible from the Customer Site Information section of the on-line Installation Report.
- **Upload the following supplemental documentation:**
 - **Final Project-specific M&V Plan** updating the M&V procedures, calculation methods, and schedule (Note: not required for Deemed Savings Projects);
 - **Customer Acknowledgement Form** affirming that the energy efficient equipment associated with the Project has been installed and has been properly commissioned. **The Project Sponsor and the Host Customer should sign one form for each Customer Site involved in the Project, unless otherwise instructed by the Program Coordinator.**
 - **Copy of Project Customer Invoice** with rebate line item shown.

Note: EPE makes no guarantee that Project Sponsors will be paid more than the originally reserved amount.

12. Post-Installation Inspection & Payment

12.1. Post-Installation Inspection

EPE will contact the Project Sponsor and conduct a Post-Installation Inspection of the Project(s) after the project has been submitted for Final Approval. The Post-Installation Inspection requires the presence of at least one Project Sponsor or Customer representative who is familiar with the Project. The Post-Installation Inspection shall verify that:

- The equipment has been installed and is operating as described in the project details. For most Measures, the accuracy of the equipment quantity and nameplate information is verified. For lighting Measures, the requirement for acceptance is that the total Energy Savings of the sample of retrofitted fixtures inspected must be within $\pm 5\%$ of the total projected Energy Savings of the same fixtures submitted on the Installation Report.
- The M&V plan is being followed in accordance with the approved PA.

If electrical measurements are necessary, the Project Sponsor's representative is required to perform any necessary disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. The Project Sponsor is required to handle all of the necessary electrical measurements. If the reported retrofit conditions cannot be verified, the corresponding installations will not be approved for payment.

12.2. Installation Payment (Measured Savings/Full M&V ONLY)

Upon receiving approval of the project, Project Sponsors using the Measured Savings approach should submit an invoice for the Installation Payment. This payment is up to 40% of the Incentive Payment estimate approved in the project details. There is no Installation Payment made with Deemed Savings or Simplified M&V Measures (see Section 6.6). The Installation Payment is made typically within 45 days following approval of the project, and is subject to the results of EPE's Post-Installation Inspection.

12.3. Final Approval

The type of Project to be submitted depends upon the savings measurement approach: Deemed Savings, Simplified M&V, or Measured Savings (Full M&V):

- **Deemed Savings:** the project will be bypassed by the program administrator. Since no M&V activities are required with Deemed Savings.
- **Simplified or Full M&V:** the Project Sponsor should submit the project for Final Approval after all M&V activities are complete. These M&V procedures should be consistent with the M&V Plan that was submitted with the Sponsor's PA. Additional information on M&V options can be found in Section 6.4 and in the *2017 TRM v4.0* available at the EPE SOP website. Under the Simplified and Measured Savings approaches, the Savings Report documents the Verified Project Demand and Energy Savings with Supporting Data and Calculations. **Project Sponsors should provide all raw, unfiltered meter data supporting calculations such as filtered data, spreadsheet calculations, regression analysis or any computer simulations used to formulate savings electronically via the e-mail address provided in Section 16.**

12.4. Performance Payment

After final approval of the project, the Project Sponsor may submit an invoice for the Performance Payment. The Performance Payment is typically made within 45 days following Final approval of the project, and is subject to the results of EPE's Post-Installation Inspection. If the total Project savings, as determined through M&V activities, result in an Incentive Payment that is less than any previous Installation Payment, EPE will notify the Project Sponsor within ten (10) business days, and Project Sponsor must refund that amount to EPE within 45 days of the submittal of the Savings Report.

- **Deemed Savings or Simplified M&V:** 100% of the Incentive Payment will be payable after approval of the Savings Report.

Measured Savings: The Performance Payment is issued, based on the Project's verified Measured Energy Savings and Measured Demand Savings minus the amount paid in the Installation Payment. In most cases, the total of the Incentive Payments for the Measured Savings approach (Installation Payment plus Performance Payment) will not exceed the Incentive Payment. ***NOTE: EPE'S PAYMENT OF INCENTIVE PAYMENT(S) TO PROJECT SPONSOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON EPE RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR IN A PROPER, TIMELY MANNER. FAILURE BY PROJECT SPONSOR TO DELIVER ANY REQUIRED NOTICE, SUBMITTAL, OR MATERIAL IN A PROPER, TIMELY MANNER SHALL BE DEEMED A MATERIAL BREACH OF THE SOP AGREEMENT.***

Other Program Information

13. Quality Control

The following Quality Control protocols apply to EPE's Commercial SOP:

- **Three Strikes Rule:** Project Sponsors who accrue three “strikes” (failures to comply with Program requirements, for example, not reporting data accurately or timely, performing installations with poor or low quality, etc.) may be penalized and/or removed from the Program.
- **Data Corrections:** data corrections must be submitted within 10 days of inspection date, and application must be resubmitted.
- **Itemized Project Invoice:** IR must be accompanied by a copy of the Project Sponsor's itemized project invoice as submitted to the customer.

14. Reimbursement of Expenses

EPE will not reimburse any Project Sponsor for any costs incurred by participating in the SOP including but not limited to the costs of preparing the Project Application, reviewing or executing related agreements, or preparing and submitting any of the required reports.

15. Confidentiality

This SOP is subject to oversight by the PUCT, which may request a copy of any SOP-related materials that EPE receives. Sensitive information submitted by the Project Sponsor to EPE will be treated confidentially to the fullest extent possible and will not be provided directly to outside parties other than the PUCT and its EM&V third-party contractor. Project Sponsors must clearly mark any materials intended to be submitted as confidential. Other than specific Customer information such as name, address account number, and usage history, Project information submitted via the website will not be considered proprietary. **EPE will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.**

16. Program Contact

The EPE Program Coordinator for the SOP is Araceli Perea. All program correspondence, reports, and any other required materials should be directed to Ms. Perea at:

El Paso Electric Company
P.O. Box 982
El Paso TX 79960
915-543-4197
araceli.perea@epelectric.com

A**Appendix A: Glossary**

NOTE: The terms and definitions used in this Glossary and throughout the SOP Manual and other SOP Agreement documents have not been adopted verbatim from the definitions in the PUCT's rules. These terms and definitions have been drafted to be specific to EPE's SOP and its service territory, and are consistent with the intent of the PUCT's rules and templates.

- A -

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

- (A) A person or entity who directly or indirectly owns or holds at least 5.0% of the voting securities of an Energy Efficiency Service Provider;
- (B) A person or entity 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 or entity who actually exercises substantial influence or control over the policies and actions of an Energy Efficiency Service Provider;
- (G) A person or entity over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) A person or entity 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 or entity 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: A relevant condition that would have existed in the absence of the energy efficiency project or program being implemented, including energy consumption that would have occurred. Baselines are used to calculate program-related demand and energy savings. Baselines can be defined as either project-specific baselines or performance standard baselines (i.e. building codes, existing insulation R-values, air infiltration rates, etc.).

Budget Reservation: The amount of Incentive Payment funds EPE sets aside for a Project Sponsor who has submitted a successful Project Application.

- C -

Commercial Customer: For the purpose of this SOP, is defined as a non-residential EPE distribution customer.

- D -

Deemed or Stipulated Savings: An industry-wide engineering algorithm used to calculate energy and/or demand savings of the installed energy efficiency measure that has been developed from common practice that is widely considered acceptable for the measure and purpose, and is applicable to the situation being evaluated. May include stipulated assumptions for one or more parameters in the algorithm, but typically requires some data associated with actual installed measure. An electric utility may use the calculation with documented measure-specific assumptions, instead of energy and peak demand savings determined through measurement and verification activities or the use of deemed savings. A pre-determined, validated estimate of Energy Savings and Demand Savings attributable to an Energy Efficiency Measure in a particular type of application that a utility may use instead of Energy Savings and Demand Savings determined through measurement and verification activities.

Demand Savings: The rate at which electric energy is used at a given instant, or averaged over a designated period, usually expressed in kW or megawatts (MW).

- E -

Energy-Efficiency Measures (EEMs or Measures): Equipment, materials, and/or systems that, when installed and used at a Customer Site, result in Demand Savings and Energy Savings. Energy Efficiency Measures do not include equipment, materials, or systems that are installed as a part of new construction of a building, structure, or other facility, unless specifically authorized by EPE.

Energy Efficiency Project: An Energy Efficiency Measure or combination of Measures installed under an SOP Agreement 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 (EESP): A person or entity that installs Energy Efficiency Measures or performs other energy efficiency services. An Energy Efficiency Service Provider may be a Customer.

Energy Savings: A quantifiable reduction in a customer's consumption of energy that is attributable to energy efficiency measures, usually expressed in kWh or MWh.

Existing Equipment: The equipment that is installed at the Customer's site prior to the Customer's participation in the SOP.

- H -

Host Customer or Customer: For purposes of the Commercial SOP, a Host Customer is a commercial distribution customer of EPE.

- I -

Incentive Payment: Payments available to be earned by a Project Sponsor based on the level of approved Demand Savings and Energy Savings (expressed as kW and kWh). Incentive Payment rates are based on PUCT approved avoided costs and incentive caps.

Installation Payment: The first of two Incentive Payments available to be earned by a Project Sponsor that uses the Measured Savings approach under the terms of an SOP Agreement. The Installation Payment is for 40% of the total estimated Incentive Payment amount as specified in the SOP Agreement. A Project Sponsor may submit an invoice for this payment following EPE's approval of the Project Sponsor's Installation Report.

- M -

Measure: *see* "Energy Efficiency Measure."

Measurement and Verification Plan: The Project Sponsor's specific plan for verifying Measured Energy Savings and Measured Demand Savings estimates. The Measurement and Verification (M&V) Plan shall be consistent with the International Performance Measurement and Verification Protocol (IPMVP).

Measured Demand Savings: Measured Energy Savings: A.**- P -**

Peak Demand: The electrical demand at the Peak Period time measured in 30-minute intervals.

Peak Period: The summer and winter peak definitions are detailed in Volume 1 of the Texas TRM.

Performance Period: The period following the approval of a Project Sponsor's Installation Report during which measurement and verification are to take place. Demand Savings and Energy Savings measured over this period form the basis of the Performance Payment made to the Project Sponsor at the end of the M&V process.

Performance Payment: The second of two Incentive Payments available to be earned by a Project Sponsor using the Measured Savings approach. The Performance Payment is based on the one-year Measured Energy Savings documented in EPE's 2017 TRM v4.0 and may be up to 60% of the total estimated Incentive Payment.

Post-Installation Inspection: An inspection of a Project Site or Sites conducted by EPE after a Project Sponsor has submitted the Installation Report and/or the Savings Report depending upon Measurement Option used. The purpose of the inspection is to verify that the Measures specified in the SOP Agreement have been installed and are capable of performing their intended function. EPE's approval of any Incentive Payment is contingent upon the results of the Post-Installation Inspection.

Program Manual or Manual: The complete set of EPE Commercial SOP materials, including but not limited to the program description, procedures, appendices and forms.

Project: *see* "Energy Efficiency Project."

Project Application (PA): The Project Application is a set of standard forms submitted to EPE by an applicant wanting to participate in the SOP 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 description of the proposed Project and Demand Savings and Energy Savings estimated to result from the Project.

Project Sponsor: Any Energy Efficiency Service Provider or Eligible Customer that enters into an SOP Agreement with EPE.

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 -

Standard Offer Program (SOP): A program under which a utility administers standard offer contracts between the utility and Energy Efficiency Service Providers.

SOP Agreement: A written agreement entered into by the Project Sponsor and EPE.