



SOUTHWESTERN PUBLIC SERVICE

HOME ENERGY SERVICES PROGRAM FOR RESIDENTIAL AND LOW INCOME

2018 PROGRAM MANUAL

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NEW APPROACH TO ENERGY-EFFICIENCY PROGRAMS

Here are some of the highlights of the Energy Efficiency Rule: Southwestern Public Service will provide, through market-based Home Energy Services programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential customers. In order to achieve its energy savings goal, Southwestern Public Service will be implementing “Home Energy Services Programs.

In the Home Energy Services Program (HES Program), Market Actors will propose to deliver certain levels of peak demand savings (measured in kilowatts, or kW) and annual energy savings (measured in kilowatt-hours or kWh). Southwestern Public Service will pay a fixed price for each kW and kWh of savings.

Who can submit an application to be a Market Actor?

The Residential HES Program is open to a wide range of contractors, service companies, and community agencies. Market Actors can submit applications for projects with as little as \$250 in incentives. Southwestern Public Service has issued a wide range of rules and requirements for the Home Energy Services Programs. The purpose of this manual is to identify and explain these program requirements, and act as a reference for potential Market Actors.

PROGRAM DESCRIPTION

The Residential Home Energy Services Program was developed by Southwestern Public Service to provide an incentive to suppliers of energy services to implement Electric energy-efficiency projects at Southwestern Public Service residential customers' facilities. The primary objective of the HES Program is to achieve cost-effective reduction in peak summer demand.

Additionally, the HES Program is designed to:

- Encourage private sector delivery of energy efficiency products and services.
- Achieve comprehensive energy retrofits that result in customer energy and cost savings.
- Significantly reduce barriers to participation by streamlining program procedures and measurement and verification (M&V) requirements.
- Encourage participation by a wide range of Market Actors.

These performance-based programs offer incentive payments for “deemed” or “prescriptive” energy savings, based on dollars-per-kilowatt and per kilowatt-hour incentive rates. Southwestern Public Service has designed the HES Program to encourage electric energy-efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement-on-burnout (ROB) projects. Consequently, energy savings credits for such measures will be based only on energy savings that exceed current federal minimum efficiency standards, if such standards apply. In cases where standards do not exist, and on early replacement or retrofit of existing equipment, demand and energy savings credits will be based on efficiency improvements relative to typical efficiencies in like circumstances (subject to other limitations as specified herein). One of the features of the HES Program is that Southwestern Public Service will rely upon the marketing capabilities of Market Actors to sell projects to Southwestern Public Service's residential customers. Entering into an agreement with Southwestern Public Service as a Market Actor does not imply Southwestern Public Service's endorsement or approval of any company, product, or service.

Participants in the HES Program must meet minimum eligibility criteria, comply with all HES Program rules and procedures, submit Project Application forms and supplemental documentation describing their projects, and apply and be accepted as a registered supplier for Xcel Energy. The HES program involves four types of entities: the program administrator

(Southwestern Public Service), a state-approved Independent Evaluator, Market Actors, and host customers.

- Southwestern Public Service’s responsibilities include:
- Provide information for potential Market Actors.
- Review all Project Applications.
- Authorize and issue incentive payments.

The Independent Evaluator’s responsibilities include:

- Make arrangements for host customer inspections.
- Verify savings.
- Submit project evaluations to Southwestern Public Service in a timely fashion.

A Market Actor’s responsibilities include:

- Identify potential project opportunities.
- Develop project documentation in accordance with HES Program procedures and deadlines.

A participating host customer’s responsibilities include:

- Commit to an energy-efficiency project.
- Enter into an agreement with the selected Market Actor.

Southwestern Public Service views the preparation of the project documentation as crucial to the success of the HES Program. Southwestern Public Service will provide resources to acquaint potential Market Actors with program requirements. Southwestern Public Service’s Website will provide the key informational resource. The Website should be checked regularly for any program updates (please visit www.xcelefficiency.com). Company representatives will respond to questions posted on the Web site.

Southwestern Public Service hopes that this collaborative approach will help Market Actors gain a clear understanding of the HES Program requirements, thereby allowing Southwestern Public Service to more quickly grant approval of Market Actors’ submittals.

Southwestern Public Service will require that all applications be made via the Internet. Southwestern Public Service will attempt to answer telephone inquiries, but no response will be considered formal unless the question has been posted and responded to on the official Southwestern Public Service efficiency program Website.

MARKET ACTOR, PARTICIPANT, MEASURE, AND PROJECT

ELIGIBILITY

The Residential Home Energy Services Program was designed to enable Market Actors to deliver cost-effective energy efficiency measures to a wide range of residential customers.

The table on this page summarizes the targeted customer classes, eligible measures and other features of these two programs:

MARKET ACTOR ELIGIBILITY

A Market Actor is any organization, group, or individual who contracts with Southwestern Public Service to provide energy savings under the HES Program. All Market Actors must hold a valid New Mexico contractor's license. That will be a GB-98 or GB-2 for weatherization measures, or a MM-98 for HVAC measures. Sponsors must also have a current New Mexico business license, a New Mexico taxpayer ID number, and must comply with all state and local laws. The following types of organizations are eligible to participate as Market Actors:

- Energy services companies, including unregulated utility subsidiaries
- Local contractors
- National or local companies that provide energy-related products (e.g., lighting or HVAC)
- Retailers are also eligible if they install the particular energy-efficient products sold as part of this program

Southwestern Public Service requires Market Actors to demonstrate their qualifications as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. At least one member of each crew, directly working on air conditioning, infiltration, duct efficiency, or insulation, must be certified through the New Mexico certification process. This requirement is described in further detail in Chapter 6. Each

Market Actor must maintain an office within the state while participating in the program, and should maintain a postal address year-round to receive mailings about the program. Southwestern Public Service also requires Market Actors and their subcontractors to carry all insurance as described in Article IX of the Home Energy Services Program Agreement. The state of New Mexico requires all Market Actors to hold a valid New Mexico contractor's license. The Market Actor must be a licensed contractor. Certified workers must be listed as employees of a licensed Market Actor. Market Actors may not subcontract any work performed without written consent of Southwestern Public Service. Contract sponsors cannot share, lease, loan, contract, or shuffle certified employees between different companies.

INCENTIVE BUDGET AND PROJECT FUNDING LIMITS

Southwestern Public Service has allocated the total annual budget in incentives for Residential energy efficiency projects and Low- Income projects

A Market Actor may have an individual annual budget and may participate in each of the separate components, may submit multiple applications, and participate in multiple projects, as long as the total incentive received under each allocation does not exceed the maximum amounts listed for each category. No Market Actor has unconditional entitlement to the HES Program incentive funds.

PARTICIPANT ELIGIBILITY

Residential customers (see definition above) are eligible to have measures installed at their homes as part of this Program. For projects in the Single-Family Residential Category, participants must be Xcel Energy New Mexico residential customers.

DOCUMENTING THE ELIGIBILITY OF LOW-INCOME CUSTOMERS

Low-income customers are defined as those customers with a total household income of less than 200% of current federal poverty guidelines. These income levels are as follows:

Low-Income Annual Income Eligibility Guidelines*

Size of Family	L-I Household Income Threshold
200% of Federal Poverty Guideline	
1	≤ \$24,120
2	≤ \$32,480
3	≤ \$40,840
4	≤ \$49,200
5	≤ \$57,920
6	≤ \$65,920
7	≤ \$74,280
8	≤ \$82,640
Each additional person, add	\$8,360

* Notice: Income ceilings are for **2018**.

To document a single-family customer's low-income status, the Market Actor should have the host customer complete and sign the *Customer's Self Certification of Income Eligibility Form* available on the HES Website (www.xcelefficiency.com).

ENERGY-EFFICIENT MEASURE ELIGIBILITY

Energy-efficient retrofit measures in residential applications that reduce electric energy consumption and system peak demand as defined in the glossary at the host customer site(s) are eligible for the HES Program. Eligible measures do not include repair or maintenance activities, or behavioral changes. In addition, all measures eligible for HES Program incentive funds must exceed applicable current federal minimum efficiency standards. All energy and peak demand reductions must be measurable and verifiable. Southwestern Public Service will be the final authority on whether any particular measure is eligible for incentives.

EXAMPLES OF ELIGIBLE MEASURES:

- Insulation: ceiling
- Infiltration control
- Duct sealing
- High efficiency air conditioning replacements
- High Efficiency Air Source Heat Pump replacements
- Showerhead installation
- Low-income LED package installation
- Low-income refrigerator replacement
- Low-Income evaporative cooler installation

PROJECT SIZE ELIGIBILITY

RESIDENTIAL PROJECTS

For Residential projects:

- The minimum project size is \$250 per individual site.
- A single-family project may consist of measures installed at multiple homes.

For Low-Income

- The minimum project size is \$250 per individual site.

PROGRAM INCENTIVES

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

INCENTIVES

RES Single Family/Multifamily

MEASURE	kW	kWh
Air Conditioning	\$62.60	\$0.235
Ceiling Insulation	\$1503.75	\$0.233
Duct Efficiency	\$882.61	.0538
Heat Pump	\$20.00	\$0.120
Infiltration	\$3009.93	\$0.0516
Shower Head	\$0.00	\$0.121
Programmable Thermostat	\$0.00	\$0.240

Low-Income Single Family/Multifamily

MEASURE	kW	kWh
Central Air Conditioning	\$62.60	\$0.2352
Ceiling Insulation	\$1503.75	\$0.233
Duct Efficiency	\$958.25	\$0.0632
Infiltration	\$3768.00	\$0.070
Pack LED's	\$409.00	\$0.13863
Shower Head	\$0.00	\$0.1210
Programmable Thermostat	\$0.00	\$0.240
Evaporative Cooling	\$43.00	\$0.020
Refrigerator Replacement	\$1,500.00	\$0.290
Heat Pump	\$20.00	\$0.12

LIMITS ON INCENTIVE PAYMENTS

An important objective of the Home Energy Services Program is to encourage projects that:

- Provide a comprehensive range of energy efficiency measures
- Maintain a consistent workforce throughout the year

Consequently, Xcel Energy reserves the right to change or delete program measures and to limit or increase the amount of incentives available to individual contractors on a monthly basis.

APPLICATION PROCESS

ENROLLMENT APPLICATIONS

Submittal of Enrollment Applications will be via the new P3 Database, xcelnm.p3.enetrek.com, and Enrollment Applications will be considered on a first-come, first-served basis. Xcel Energy reserves the right to deny enrollment to a new applicant if the annual funds are previously reserved. Chapter Six contains a detailed description of the enrollment application process. Market Actors can fill out and submit their applications as soon as the programs open.

The following hardcopy documents must be scanned into the P-3 database.

- All insurance certificates
- New Mexico contractor's license number
- New Mexico Business License number
- New Mexico Taxpayer Identification number (CRS #)
- A copy of all industry licenses and certifications such as HVAC, building, or remodeling licenses and other certifications such as HERS, NM weatherization, insulation installation, etc.
- Name and certification documentation for each qualified crew foreman

Failure to provide required documents will result in automatic rejection of sponsor application.

PROJECT APPLICATION

GENERAL APPLICATION GUIDELINES

Southwestern Public Service has determined that the fairest and least-cost way for Market Actors to submit application is via the Internet. The application is accessible at www.xcelefficiency.com. The Project Application forms page will be available to allow Program Market Actors to enter and submit their project information as soon as the program opens. Southwestern Public Service will continue accepting applications through December 10, or until all funds have been reserved, whichever is earlier. Southwestern Public Service will update its application Web pages at the times listed below to include a "submit button" for the different application processes. Once the submit buttons are active, potential Market Actors may send their qualifications to Southwestern Public Service. The Company will utilize its mail server's

time stamp to determine the order of receipt. Confirmation of the receipt of the Market Actor's qualifications will be sent via return e-mail.

GENERAL MARKET ACTOR INFORMATION

The information listed below is required of all Market Actors:

- Market Actor name
- Federal tax identification number of Market Actor
- New Mexico contractor license #, Business License, and Taxpayer ID #
- Names, addresses, etc., of Parent company, subcontractors and/or Affiliates (if any)
- Contact name
- Contact title
- Contact address
- Contact phone number
- Contact fax number
- Contact e-mail address

MARKET ACTOR QUALIFICATIONS AND EXPERIENCE

Southwestern Public Service requires Market Actors to demonstrate their financial, technical, and managerial qualifications and experience as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. Market Actor's application should include the following:

- A brief statement of the Market Actor's technical and managerial capabilities and experience (500 word maximum)
- Evidence that Market Actor and any subcontractors possess all applicable

licenses and certifications. Evidence includes a list of applicable licenses, certifications, certification holders, certification documentation, license holders, and license numbers

- Up to three client/customer references for projects similar in nature to that proposed in this application (include contact name, address, and phone number)
- Evidence of the Market Actor's financial strength and capability. This may include company description, approximate annual revenues, trade references, and/or other information deemed appropriate by Market Actor.

Disclosure of any legal judgments pending, or entered in the previous two years, against Market Actor, as well as a current list of pending litigation filed against Market Actor. Market Actors may find information about New Mexico contractor licenses at the New Mexico (CID) website: <http://www.rld.state.nm.us/>, or by calling (505) 476-4700.

Business Licenses are issued by the New Mexico Public Regulation Commission Phone (505) 827-4502 (NMPRC). <http://www.nmprc.state.nm.us/cb.htm>.

Taxpayer ID #'s are available from the Taxation and Revenue Dept. Phone (505) 827- 0700. <http://www.tax.state.nm.us/forms/year99/crsforms.htm>

Information about certification of workers for weatherization projects can be found at www.energymattersnm.com or by calling (505) 379-4863. HVAC projects require at least one worker on each installation crew be NATE certified. Information on NATE certification can be found on the North American Technician Excellence website www.natex.org

MARKET ACTOR APPLICATION REVIEW

All sponsor applications will be reviewed on a first-come, first-served basis.

Southwestern Public Service may reject an Application if any of the following conditions occurs:

- Received after the HES Program has been fully subscribed;
- Any of the required information specified in this manual has not been submitted with the Application;

- The Market Actor fails to meet program eligibility requirements;
- The Market Actor is found to have made material misrepresentations in the Project Application;
- The Market Actor fails to comply with applicable federal, state and local laws and regulations;
- Southwestern Public Service, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the HES Program Agreement.
- Failure to provide required documents within ten business days of application Submittal

Southwestern Public Service may request clarification of, or additional information about any item submitted as part of the Project Application. Market Actors will have ten business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, Southwestern Public Service may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any Market Actor submitting an unsuccessful Project Application may re-apply for project funding by submitting another Project Application. However, the Market Actor will lose its initial position in the order of submittal. Once a Market Actor has submitted the application, the insurance requirements and any other required hardcopy documents such as licenses and certifications, must be received by the program manager within 10 days of the application submission.

Approval of the Market Actor’s qualifications does not result in any incentive money being allocated to the Market Actor. Once the approval process has been completed, Market Actors will be given access to the Web site pages that will allow them to create projects for single-family (up to four units) projects, and proposed measure data for multi-family projects.

ENROLLMENT APPLICATION

ENROLLMENT APPLICATION PROCESS

The first step in the Residential and Low Income process is for the Market Actor (also referred to as a Market Actor) to submit an Enrollment Application for its proposed project. In 2018 there will be a Residential Application and Low-Income Application Process. Each Project Application includes information about the Market Actor, the estimated kW and kWh impacts, and

information regarding the proposed measurement and verification approach. Submittal of Enrollment Applications will be via the P3 Enertrek database administered by Frontier Energy, and the application review priority will be determined by the submission timestamp of each Market Actor's Enrollment Application. Southwestern Public Service will consider additional criteria during the application review process to determine which Market Actors will be awarded contracts.

ENROLLMENT APPLICATION REVIEW

All project applications will be reviewed on a first-come, first-served basis. Southwestern Public Service may reject an Application if any of the following conditions occurs:

- The Application is received after the HES Program has been fully subscribed;
- Any of the required information specified in Sections 6.4.1 or 6.4.2 has not been submitted with the Application;
- The Market Actor is found to have made material misrepresentations in the Project Application;
- The Market Actor fails to comply with applicable federal, state and local laws and regulations;
- Changes occur in laws or regulations directly affecting the Residential HES Program; or
- Southwestern Public Service, in its sole judgment, determines that the Market actor is not accepted as a supplier of Xcel Energy

Southwestern Public Service may also request clarification of, or additional information about, any item submitted as part of the Project Application. Market Actors will have ten business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, Southwestern Public Service may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any Market Actor submitting an unsuccessful Project Application may reapply for project funding by submitting another Project Application. The Market Actor will, however, lose its initial position in the order of submittal.

OBTAINING PREMISE ID NUMBERS FROM SOUTHWESTERN PUBLIC SERVICE

The Program Sponsor enters either the customer premise number found on the customer's monthly electric bill, or the customer electric meter number in the appropriate place in the database. The customer address and other information will automatically populate in the database

ESTIMATED PROGRAM IMPACTS

Please contact the program administrator to estimate savings

APPLICATION AND HES PROGRAM MATERIALS PREPARATION COSTS

Southwestern Public Service will not reimburse any Market Actor for any costs incurred by participating in the HES Program, including costs of preparing the Project Application, reviewing or executing the HES Program Agreement, or preparing and submitting implementation or performance reports.

APPLICATION CONFIDENTIALITY

Southwestern Public Service's HES Program is subject to oversight by the New Mexico Public Regulation Commission (NMPRC), which may request a copy of any HES Program materials that Southwestern Public Service receives. Sensitive information submitted by the Market Actor to Southwestern Public Service will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the NMPRC. Southwestern Public Service will have no liability to any Market Actor or other party as a result of public disclosure of any submittals.

IMPLEMENTATION AND REPORTING PROCEDURES

IMPLEMENTATION PERIOD

Prior to commencing any installation activities, Market Actors shall submit an insurance certificate, and a draft of its Host Customer Agreement template to Southwestern Public Service for its approval. Southwestern Public Service has developed a draft host customer agreement that Market Actors may use. Copies of this agreement may be downloaded from the program Website under “Downloads.”

INCENTIVE REPORTS

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

One-by-One Submission

1. Access your Project List and selected the project name that you wish to submit.
 - a. Note that only projects that are in the “Work Completion Pending” status can be submitted.
2. Within the Project Details page, select the “Perform Project Action” dropdown menu
3. Select “Submit Project” from the dropdown menu. A confirmation message will appear.
4. Select “Submit Project” within the confirmation window.
5. Project will be submitted if it meets all of the program requirements.

Batch Submission

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

If installing air infiltration control, or duct sealing measures, the Market Actor should perform pre- and post-installation blower door, duct leakage, or CO tests for “Duct Efficiency Improvements” and “Air Infiltration” and note the readings for each site. All duct leakage testing must be conducted as **leakage-to-outside** using the combination Duct Blaster (or equivalent)

and blower door method. This procedure is detailed in Chapter 7 (pressurization) or Chapter 11 (depressurization) of the

Duct Blaster manual, and is available for download from the Energy Conservatory Web site at www.energyconservatory.com/support/support5.htm.

Once the entire month's implementation data has been input and reviewed, the Market Actor follows the "process invoice" procedures to submit this data to Southwestern Public Service.

CUSTOMER CERTIFICATIONS

Scanned Customer Certifications shall be included with each monthly low-income report. Among other things, the certification provides the Market Actor with a release for Southwestern Public Service, allowing energy use and billing information to be provided to the Market Actor, which may be used for measurement and verification (M&V). The certification also provides a third party independent evaluator with permission to inspect the installation, which may be required before incentive payments are approved. Copies of the Customer Certification are included on the program Website.

PROJECT SUBMISSION

Southwestern Public Service will review all Residential projects and Low-income projects on a monthly basis. Projects will be due at end of business on the 10th of each month, unless otherwise notified.

- Market Actors shall scan and upload the following documents as required.
- Project Implementation Report
- Customer Certifications and contracts
- Original Field Data Sheets

ADMINISTRATIVE REVIEW

Once the Project is submitted to Southwestern Public Service, it will be reviewed for accuracy. If any discrepancies are found in any of the reports, Southwestern Public Service will notify the Market Actor. The Market Actor shall have 10 business days from the date of Southwestern Public Service’s notification to correct any discrepancies.

During the review process, an independent evaluator will take a random sample of customer sites and verify installations to determine if each measure has been installed properly, and is capable of performing its intended function. All measures installed in the Residential HES Program must conform to or exceed the standards listed in Appendix A. If measures installed do not meet these standards, they will not be eligible for incentives.

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

Adjustment Factor = Total incentives for measures that pass inspection.

TOTAL INCENTIVES FOR ALL MEASURES SELECTED FOR INSPECTION

This assumes all figures on the implementation report are correct. Any errors will be corrected prior to finalizing the adjustment factor. In the event the Market Actor disagrees with the payment adjustment, the Market Actor may request that all information be reviewed again after providing additional clarifying information.

EXHIBIT D – INSURANCE REQUIREMENTS

NOTE: Each policy shall include a Waiver of Subrogation in favor of Xcel Energy (Xcel) and shall provide for 30 days prior written notice of cancellation.-

TYPE/COVERAGE LIMITS OF LIABILITY-

WORKERS' COMPENSATION Statutory-

EMPLOYERS' LIABILITY)

- \$100,000. Each Accident-)
- \$500,000. Disease Policy Limit-)
- \$100,000. Disease Employee Limit-

COMMERCIAL GENERAL LIABILITY, Bodily Injury & Property Damage Combined:-

OCCURRENCE FORM with the following- coverages included (not excluded):-

- Premises/Operations Each Occurrence: \$1,000,000-
- Underground Explosion and General Aggregate: \$1,000,000.-
- Collapse Hazard Products Comp/Ops. Aggregate: \$1,000,000.-
- Products/Completed Operations Hazard-
- Contractual Insurance (applicable to-indemnity clause contained in contract(s)-
- Independent Contractors-
- Broad Form Property Damage-
- Personal Injury-

AUTOMOBILE LIABILITY, with coverage BI and PD Combined:

Applicable to all owned, hired, and each accident: \$1,000,000-non-owned vehicles OR: Evidence of Self-Insurance-

INFORMATION FOR MARKET ACTOR:-

** Insurance provided by Market Actor must be maintained in effect during the entire term of this Agreement.-