

**XCEL ENERGY'S 2018
RESIDENTIAL STANDARD OFFER
PROGRAM**

AND

**HARD-TO-REACH STANDARD OFFER
PROGRAM**



January 2018

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1. Executive Summary

Xcel Energy is offering the Residential Standard Offer Program (RSOP) and the Hard-to-Reach Standard Offer Program (HTRSOP) to its Texas customers. The SOP's are open to a wide range of contractors, service companies and community action agencies referred to as Market Actors.

As a participant in these programs, Market Actors will install qualified energy efficient measures that deliver peak demand savings (kW) and /or annual energy savings (kWh) at existing homes. Xcel Energy will pay a fixed price in the form of incentives for kW and kWh savings provided by the energy efficiency measures installed.

The Public Utility Commission (PUC) of Texas has issued rules and requirements for the SOPs that are to be implemented by the electric utility companies serving Texas customers. Those rules and requirements are outlined in Substantive Rule 25.181, also known as the Energy Efficiency Rule. The purpose of this manual is to identify and explain these program requirements and to serve as a reference for potential Market Actors.

Program Changes

Significant changes were made to the Xcel Energy Standard Offer Programs for 2018

- Small Commercial installations are to be submitted under the Small Commercial Program.
- The same tracking system P3 will be used for the 2018 program year
- A work schedule is required for all projects.
- Large and Small project components are offered.
- Market Actors do not make reservations for the program year.
- There are changes to ceiling insulation, duct efficiency and infiltration measures
- Heat Pumps with non-electric backup furnaces are to be reported as AC/Gas.
- Post-infiltration measurement MUST be taken before duct efficiency work begins.
- Failure to complete prescriptive requirements will result in total measure failure regardless of CFM readings.
- Customers in Lubbock Texas no longer qualify as participants.
- HVAC incentives are available for new or retrofit units.

It is the Market Actor's responsibility to review the current year manual in its entirety prior to submitting an application.

Notice: Xcel Energy reserves the right to incorporate any or all changes resulting from PUC proceedings into Xcel Energy's 2018 programs as they are approved. Market Actors will be provided with adequate notice of any changes affecting their projects.

2. Program Design

2.1. Program Description

The primary objective of these programs is to achieve cost-effective reduction of peak demand. These performance-based programs offer incentive payments for “deemed” energy savings generated by installing energy efficient measures.

Approved Market Actors are responsible for marketing their services to Xcel Energy homeowners in Texas, contracting with homeowners, installing the measures, and reporting their work to Xcel Energy. Xcel Energy then inspects a randomly generated customer sample. Payment is made for the demand and energy reductions based on the percentage of installations that are approved by inspection as capable of delivering the reported savings.

Xcel Energy has designed the SOP manual to provide Market Actors who contract with Xcel Energy the specific requirements of the SOP's. By contracting with Xcel Energy, Market Actors agree that they have read the program manual and will comply with the requirements of the program in order to receive incentive payments for the installation of qualifying measures.

2.2 Program Process

The following steps are followed by a prospective Market Actor.

1. Applicants apply to become Market Actors in either the Large or the Small Project Component.
2. The Large and Small Projects Components have different amounts for budgeted funding.
3. Enrollment Applications are accepted on-line at sps.p3.enertrek.com.
4. Applicants specify which measures they plan to install.
5. Contracts are signed with approved applicants or Market Actors.
6. Once under contract, Market Actors market their services to Xcel Energy homeowners, contract with the homeowners and install the measures.
7. Market Actors report their work on the sps.p3.enertrek.com website. As each home site is reported, the incentive is reduced from the budget funds for that particular component.
8. Market Actors submit projects for the monetary value of demand and energy savings supplied by the measures installed.
9. The database calculates the invoice amount based on the PUCT-approved deemed savings values.
10. Xcel Energy personnel inspect a randomly generated customer sample.
11. Incentive payment is made based on the percentage of installations that are approved by inspection.

2.3 Market Actor Eligibility

A Market Actor is any company, person, organization, or individual who contracts with Xcel Energy to provide energy savings under the SOP's. The following types of organizations are among those eligible to participate as Market Actors:

- Energy service companies
- Local contractors
- National or local companies that provide energy-related products (e.g., insulation or HVAC)
- Product retailers, if they install the particular energy-efficient products sold as part of this program

Participants must meet minimum eligibility criteria and demonstrate their financial, technical, and managerial qualifications. Subcontractors must be identified in the application and may provide only services the Market Actor is not qualified to deliver. A subcontractor can be added at a later date with program administrator approval. Market Actors and their subcontractors are required to carry all statutorily required insurance, as described in the SOP agreement.

2.4 Participant Eligibility

All participants must be customers of Xcel Energy Texas as identified by use of the premise or meter number. The online search function in the database will validate all Xcel Energy Texas customers.

Participants may include:

- **Single Family** - A residential dwelling consisting of four or less units (i.e. a quadplex or less)
- **Mobile Home** – A manufactured home on a chassis with wheels so it can be moved to different locations; it is considered pier and beam floor construction, usually with the perimeter skirting from floor to the ground.
- **Multi-Family** – A residential building containing more than four dwelling units individually metered. Each unit is counted as a residence. The common areas are considered commercial space and are not eligible in the Res/HTR SOP. Master metered facilities are classified as Commercial facilities and are not eligible in the Res/HTR SOP. Town homes consisting of more than four connected units are multi-family.

Note: All multi-family projects must be approved by Xcel Energy prior to installation. Market Actors must request pre-approval via the website and provide a work schedule at least ten (10) working days prior to measure installation.

Multi-Family projects are only allowed in the Large Project Component. No work may begin prior to Xcel Energy approval of the site and work schedule.

2.4.1 Documenting the Eligibility of Hard-to-Reach Customers

Hard-to-Reach 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:

2018 HTR Annual Income Eligibility Guidelines*

Size of Family	HTR Household Income Threshold 200% of Federal Poverty Guideline
1	≤ \$23,540
2	≤ \$31,860
3	≤ \$40,180
4	≤ \$48,500
5	≤ \$56,820
6	≤ \$65,140
7	≤ \$73,460
8	≤ \$81,780

* Notice: Income ceilings are effective as of February 1, 2015 –January, 31, 2018 or until 2018 values are published.

To document a single-family customer's hard-to-reach status, the Market Actor should have the host customer complete and sign the *Public Utility Commission's Customer's Self Certification of Income Eligibility Form*. If the Market Actor is implementing a project at a multi-family building, the Market Actor must complete a *Public Utility Commission of Texas Property Owner Certification Form of Tenant Income Eligibility*. Both forms are available on the SOP Website (www.xcelenergyefficiency.com). For multi-family residences of five or more dwelling units, Market Actors are eligible to receive the higher hard-to-reach incentive payments for measures installed in all units if 75% or more of the residents qualify as hard-to-reach. For multi-family residences of 2-4 units, the entire building qualifies if at least half of the residents qualify as HTR.

2.5 Energy Efficiency Measure Eligibility

Eligible measures have been approved by the PUC and are assigned a deemed savings value to be used in calculating the incentive payment. Tables 1 and 2 in this section provide listing of eligible and ineligible measures. Appendix A provides the corresponding Deemed Savings and installation requirements.

If any of the baseline equipment at a project has been removed prior to the execution of the SOP Agreement, the entire project will be disallowed.

Xcel Energy shall have final authority on whether any particular measure is eligible for incentives.

2.5.1 Additional Requirements for HTR Projects

For HTR projects, Market Actors must install one or more *Primary Measures* at each site, in order for any measure installation at that site to be eligible for the higher HTR incentive levels. The Primary Measures are:

- ◆ Air Infiltration Control
- ◆ Wall, Ceiling, or Floor Insulation
- ◆ Duct Sealing
- ◆ HVAC System Replacement
- ◆ Water Heater Replacement
- ◆ ENERGY STAR® windows
- ◆ ENERGY STAR® refrigerators
- ◆ LED's

For multi-family HTR buildings, the Market Actor must install at least one of the above measures in each applicable unit. As an example, if ceiling insulation is chosen by the Market Actor and property manager, then it must be installed in each unit in the multi-family building that has an unconditioned space above it. If wall insulation is to be installed, then it must be installed in the non-insulated exterior walls of each unit in that particular building.

For the air infiltration control, duct sealing, and wall insulation measures, there is a minimum post-retrofit CFM ventilation rate that must be maintained, and there is a maximum allowable post-retrofit carbon monoxide (CO) level. Please refer to the web site for more information on these requirements, and for additional measure specifications and installation standards.

Table 1

Examples of Eligible Measures and Projects

Envelope Measures

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

Primary HTR Measures appear in boldface. (See Section 2.5.1)

Cooling and Ventilation Measures/Projects

- **High efficiency air conditioning replacements**
- High efficiency gas air conditioning replacing electric

The following measures will be accepted in HTR homes with evaporative cooling. All other measures must be installed in a home with refrigerated air conditioning

- Ceiling Insulation
- Wall insulation
- Floor insulation
- Solar screens
- Energy Star® Windows

Heating Measures/Projects

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

Electric Water Heating Measures

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

Other Measures/Projects

- **ENERGY STAR® refrigerators**

Renewable Energy Measures

- Water heating
- PV or other distributed generation

The following measures are eligible only in The Hard-to-Reach Program:

- *Showerheads and aerators*
- *Window unit air conditioners*
- *Solar screens*

Table 2
Examples of Ineligible Measures and Projects

- Measures that do not raise efficiency above current standards
- Cogeneration and self-generation projects
- Load shifting/load management measures
- Load reductions caused by building vacancies
- Measures that rely solely on customer behavior or require no capital investment
- Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls
- Measures for which incentives were received under another Xcel Energy program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects

Xcel Energy has the final authority determining any question to measures eligibility for incentives.

2.6 Carbon Monoxide and Blower Door Testing

Prior to the installation of an air infiltration control, duct sealing, or wall insulation measure, a pre-installation blower door test is required and a CO test shall be conducted for each residence with combustion (e.g. natural gas or propane) equipment or appliances. Market Actors are required to measure and record pre- and post CO readings and shall not install any measure that would result in an ambient air CO level exceeding 9 parts per million (ppm) at project completion. The Air Infiltration section of Appendix A contains additional CO testing requirements. Market Actors shall use the pre- and post-installation blower door air infiltration test results to verify that the final air exchange rate of a household shall not be less than the standards set forth in Appendix A, “Air Infiltration section, Minimum Final Ventilation Rate Table.

3. Program Incentives

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

3.1 Incentives

Incentive rates for Residential and Hard-to-Reach projects are based on a percent of the avoided cost benefit. Demand (kW) payment is based on Peak Demand Savings.

	Residential	Hard-to-Reach (HTR)
kW	\$358	\$420
kWh	\$0.115	\$0.135

3.2 Limits on Incentive Payments

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

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

In order to accomplish this, Xcel Energy will institute:

- Load factor caps, which limit the incentive amounts paid for projects that provide relatively little summer peak demand reduction.

For projects implemented under this SOP, there is a limit on the ratio of kWh payment to kW payment. This is to discourage projects that produce relatively little of their annual energy savings during Xcel Energy's peak summer demand period.

For example, in residential projects the maximum total payment (kWh and kW payments combined) is \$650 per kW of peak summer demand savings. The following table lists the load factor cap maximum incentive paid per kW saved for the different Programs.

Load Factor Caps

	Max. Incentive per kW saved
Residential	\$820
Hard-to-Reach	\$1000

Incentive Example

Here are two examples:

Example 1

An HVAC project saved 25 kW of summer peak demand and 50,000 annual kWh. The unadjusted incentive payment for this project would be:

$$(25 \times \$358) + (50,000 \times \$0.115) = \$14,700$$

The maximum allowable incentive for this project is 25 kW multiplied by \$820, or \$20,500.

This project would not be subject to the load factor cap.

Example 2

A variable-speed motor retrofit saves 20 kW of summer peak demand and 150,000 annual kWh. The unadjusted incentive payment for this project would be:

$$(20 \times \$358) + (150,000 \times \$0.115) = \$24,410$$

The maximum allowable incentive for this project is 20 kW multiplied by \$820, or \$16,400.

This project would be subject to the load factor cap.

The load factor caps are applied to the total project's kW and kWh incentive payments and not to individual measures. As a result a Market Actor may receive full payment for measures with high load factors, as long as the average load factor for the invoice does not exceed the cap.

3.3 Program Funding

	Residential	Hard-To-Reach
Projects	\$620,000	\$500,000

No Market Actor has unconditional entitlement or preferential rights to any RSOP / HTR incentive funds. Failure to comply with all program requirements may result in Market Actor's termination from the program.

3.5 Market Actor Limits

To ensure that funding will be available to multiple participants. Xcel Energy has set a maximum limit on incentives paid to any one Market Actor. Market Actors may not receive more than the Market Actor Limit for the program year,

Market Actor Limits

	Residential	Hard-to-Reach (HTR)
Projects	\$66,000	\$65,000

These limits may be waived if Xcel Energy determines that such limits would prevent it from achieving its energy efficiency goal.

4 Program Process and Timeline

Xcel Energy's Program website, www.xcelenergyefficiency.com is the key informational resource for the Res/HTR SOP. Interested parties should check this website regularly for all program updates. The application forms, instructions, and supporting applications are accessible on this website.

Submittal of Market Actor Applications will be via this designated Website, and Applications will be considered on a first-come, first-served basis.

4.1 Application Process

All applications shall be completed and submitted on-line. Interested contractors can fill out an application prior to the submittal date.

All information shall be entered in the application, if necessary, use the designation NA for "not applicable" **All information must be correct on the application.**

Xcel Energy will not reimburse participants for costs incurred applying, participating in, application preparation, reviewing or executing the Agreement, preparing or submitting implementation or performance reports in the SOP's

Applicants are urged to review the SOP Agreement before submitting an Application. *Once the application period has begun, Xcel Energy will not entertain proposed modifications to the SOP Agreement.*

4.1.1 Application Timeline

Xcel Energy will activate a "Submit" button for each component on the date and time listed below. Confirmation of the receipt of the application will be sent via return e-mail.

Program Component	Date	Time
Residential		
Registration and Submittal	December 18 th , 2017	10:00 AM CST
Hard-to-Reach		
Registration and Submittal	December 18 th , 2017	10:00 AM CST

Xcel Energy will continue accepting applications until it appears all funding for the program year are dispensed.

4.1.2 Supplemental Documentation Requirements

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

- Electronically Signed SOP Agreement.
- All insurance certificates. Certificates must meet all requirements listed in Exhibit C of the agreement.
- Sponsors will be required to provide insurance effective and expiration dates in application. Failure to provide insurance coverage renewal will cause sponsor to be locked out of program until coverage is confirmed.
- A copy of all industry licenses and certifications such as HVAC, electrical or plumbing licenses and other certifications such as HERS, HERO, insulation installation, etc.
- Copies of all employee drivers' license or picture ID.
- Applicants conducting Duct Efficiency or Infiltration measures shall upload written step-by-step testing procedures including the type of equipment used along with the most recent calibration dates.

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

4.1.3 Application Review Procedures

Xcel Energy will review the Sponsor Applications on a first-come, first-served basis. Xcel Energy may request clarification or, or additional information about any item submitted as part of an application. Applicants will have seven (7) business days to respond in writing to such requests. If the clarification or additional information provided is not sufficiently responsive, Xcel Energy may, at its sole discretion, request additional information or discontinue its evaluation of the application.

4.1.4 Application Confidentiality

Xcel Energy's SOP's are subject to oversight by the PUCT, which may request a copy of any SOP materials received. Sensitive information identified as such and submitted by the applicant will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. Xcel Energy shall have no liability of any kind to any Applicant or other party as a result of public disclosure of any submittals.

4.1.5 Application Evaluation

Xcel Energy may reject an Application if;

- The application is received after the application period has expired.
- The application is received after the SOP program has been fully subscribed.
- The applicant fails to meet program eligibility requirements.
- The applicant fails to respond in writing to any request for additional information.
- The applicant is found to have made material misrepresentations in the application.
- The applicant fails to comply with federal, state and local laws and regulations.
- Changes occur in laws or regulations directly affecting the SOP's.
- The application is found to be incomplete or insufficient.
- The applicant has performed poorly in a previous Xcel Energy or other utility programs.
- The applicant fails to provide any documentation requirements.
- Xcel Energy, in its sole judgment, determines that the applicant is incapable of fulfilling the terms and conditions of the Standard Agreement.

4.2 Market Actor Approval

Xcel Energy will notify each Market Actor of its application status within thirty (30) days of submittal. Market Actors are required to provide the supplemental documentation as required in section 4.1.2. It is the sole responsibility of the Applicant to ensure that Xcel Energy receives the required documentation.

Required documentation must be uploaded into the database.

5 Program Implementation

Due to the requirement that Xcel Energy achieve specified levels of kW savings for this program within each budget cycle, it is important that projects be completed by close of business October 15, 2018.

Upon receipt of the “approved” email notice from the database and approval of all submitted marketing materials, the Market Actor may begin marketing and installation activities.

5.1 Marketing

Under PUCT rules, Xcel Energy may only conduct informational activities to explain the SOP's to energy efficiency service providers and vendors. As a result Xcel Energy must rely upon the marketing capabilities of Market Actors to sell projects to customers.

Market Actors may not use the Xcel Energy name or logo in any correspondence or promotional material. ***Any marketing materials Market Actors plan to distribute to customers shall be approved by the program administrator prior to their use.*** Examples of acceptable and non-acceptable phrases are listed in the appendices. Xcel Energy reserves the right to terminate the agreement of any Market Actor using marketing materials containing any unapproved language or reference to Xcel Energy.

An alphabetical listing of participating Market Actors is kept on the Texas page of the program website, www.xcelenergyefficiency.com. Prospective customers may use this site for verification of Market Actor participation.

Xcel Energy encourages Market Actors to register with the Better Business Bureau(s) in areas they plan to offer services.

Entering into an agreement with Xcel Energy as a Market Actor does not imply Xcel Energy's endorsement or approval of any company, product, or service.

5.2 Host Customer Agreement

The Host Customer Agreement (HCA) is the primary agreement executed between the Host Customer and the Market Actor prior to measure installation. The PUCT requires that HCA contain certain customer protection provisions and disclosures.

The HCA must be signed by the Market Actor; the Host Customer; and if applicable, the subcontractor. The HCA provides Xcel Energy the ability to request access to inspect the installation. An approved HCA form is available on webpage downloads section. A copy of the completed, signed HCA shall be provided to the customer. If a subcontractor is used, Market Actors shall provide an "**All Bills Paid Affidavit**" to the customer upon completion of the project. A copy of this document is available on the webpage.

5.3 Obtaining Premise ID Numbers from Xcel Energy

Xcel Energy uses premise numbers to identify service locations. This is not the same as the customer account number. Market Actors may input the premise number if known or search for a customer location by inputting the meter number in the search function available in the Add new customer section of the implementation page. This search function will populate the address, city, state, zip code and county information for the customer location.

5.4 Customer Satisfaction

Market Actors are required to request participating customer email addresses for the purpose of evaluating customer satisfaction. Customers included on the monthly installation report will be sent an electronic survey. Survey responses will be compiled and reported to the Market Actor. Multiple negative customer responses will warrant a review of sponsor services and may result in contract termination.

6 Project Reporting and Invoicing

Reporting and invoicing will be completed via the website. The Market Actor will upload the required supporting documentation to the data base before submitting the report.

6.1 Installation Reporting

It is strongly recommended that installations be recorded in the database on a daily basis. When an installation is reported, the database will deduct the incentive from the total balance of funds for the program. For help with the implementation process, refer to the User Guide located under “Help” section of the website.

6.2 Invoicing

Due to the nature of the first-come first-served program design, Market Actors 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 (in the top right panel under the project status).
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. Prior to submitting the Project the following hard copy documents must be uploaded into the database.
 - Signed copies of the HCA
 - HTR Certification forms (if applicable)
 - Copies of Contractor field data sheets (Including all pre and post testing data and measures installed)

Each month, Xcel Energy will review and process the submitted projects. Once the reviewed projects are approved and ready for incentive payment, Xcel Energy will batch up the approved projects for that month and pay them within 30 days.

Project Payments

7.1 Installation Inspections

All measures installed in the Res/HTR SOP shall conform to or exceed the standards listed in Appendix A. Deemed Savings Installation & Efficiency Standards. Xcel Energy will inspect a random sample of customer sites to determine if measure has been installed properly and is capable of performing its intended function for the measure life. If measures installed do not meet the inspection standards, they will not be eligible for incentives.

If Xcel Energy is unable to contact the customer to make an inspection, the Market Actor may be asked to make inspection arrangements. If Xcel Energy is unable to inspect measures installed at the customer’s location, the customer may be excluded from the invoice or those measures may be counted as failures.

7.2 Invoice Adjustments

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

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

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

In the event the Market Actor disagrees with the payment adjustment, the Market Actor may request that all information be reviewed again after providing additional clarifying information. If the Market Actor and Xcel Energy cannot agree on the adjustment after the review, the parties shall use the dispute resolution mechanisms specified in the program agreement.

7.3 Accurate Reporting

Accurate reporting is of key importance in calculating savings achieved. Xcel Energy may prohibit a Market Actor from submitting certain measures if problems occur repeatedly in accurate reporting of required information such as square footage and air conditioning size.

All installations shall be entered and submitted on the Summary Report within forty-five (45) days of the installation date. Failure to adhere to the reporting requirements may be cause for termination of the agreement.

7.4 Excessive Failures

Xcel Energy reserves the right to limit the measures a Market Actor is allowed to install or to terminate the agreement due to excessive failures.

7.5 Payment of Invoices

Payment terms are net 60 days. Payment will be processed after inspections are completed and the invoice has been adjusted and submitted for payment.

XCEL ENERGY'S PAYMENT OF INCENTIVE PAYMENT(S) TO MARKET ACTOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON XCEL ENERGY RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM MARKET ACTOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS MANUAL AND AGREEMENT. FAILURE BY MARKET ACTOR TO DELIVER ANY REQUIRED NOTICE, SUBMITTAL, OR MATERIAL WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT SHALL BE DEEMED A MATERIAL BREACH OF THE AGREEMENT.

Appendix A
Deemed Savings
Installation & Efficiency Standards

DEEMED SAVINGS

All Residential Measures for Xcel Energy Programs

INTRODUCTION

The link below contains all of the approved energy and peak demand deemed savings values established for energy efficiency programs in Texas. The figures correspond with the set of residential and small commercial sector deemed savings values approved by the Public Utility Commission of Texas.

[Technical Reference Manual v5.0](#)

Appendix B Glossary

- A -

Affiliate: As adopted by the PUC, an Affiliate is:

- (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of an energy efficiency service provider;
- (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by an energy efficiency service provider;
- (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
 - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of an energy efficiency service provider; or
 - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider; or
- (E) a person who is an officer or director of an energy efficiency service provider or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (F) a person who actually exercises substantial influence or control over the policies and actions of an energy efficiency service provider;
- (G) a person over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) a person who exercises common control over an energy efficiency service provider, where "exercising common control over an energy efficiency service provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of an energy efficiency service provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or
- (I) a person who, together with one or more persons with whom the person is related by ownership, marriage or blood relationship, or by action in concert, actually exercises substantial influence over the policies and actions of an energy efficiency service provider even though neither person may qualify as an affiliate individually.

- B -

Baseline: For purposes of determining estimated and measured energy savings for equipment replacement projects implemented under the SOP, the baseline is generally defined as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. In certain limited circumstances, the baseline may be determined by the equipment or conditions currently in place. This is likely to occur only when federal energy efficiency standards do not apply, or when the existing equipment can be shown by the Market Actor to have a remaining service life of at least ten years. For determining estimated and measured savings for building shell improvements, the baseline is generally determined by the building's current condition, e.g., existing insulation r-values, air infiltration rates, etc.

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

- C -

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

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

- D -

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

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

- E -

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

Energy Efficiency Project: An energy efficiency measure or combination of measures installed under a 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: A person who installs energy efficiency measures or performs other energy efficiency services. An energy efficiency service provider may be a retail electric provider or a customer, if the person has executed a SOP Agreement.

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

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

- H -

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

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

- I -

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

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

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

- M -

Measure: The new equipment, material, or systems that, when installed and used at a Project Site, improve the electrical efficiency of existing and ongoing electricity-consuming end uses which meet the requirements of the Contract Documents. Measures do not include equipment, material or systems that are installed as a part of new construction or major rehabilitation.

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

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

Measured Energy Savings: The Energy Savings derived during Performance Period, from the

Measures installed at the Project Site as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

- P -

Peak Demand: The electrical demand at the time of the highest annual demand on the utility's system, measured in 15 minute intervals.

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

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

Performance Period: The one-year period, for weather-dependent measures or shorter for non weather-dependent measures, following the approval of a Market Actor's Project Implementation Forms. It is during this period that measurement and verification is to take place.

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

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

Project: The sum of all activities required to achieve the Estimated Energy Savings and Estimated Peak Demand Savings included in the Market Actor's application.

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

Project Site: The location of a Host Customer's facilities where approved Measures will be installed and from which Peak Demand Savings and Energy Savings will be obtained. A single Project may include Measures installed at multiple Project Sites.

Market Actor: Any organization, group, or individual who contracts with Xcel Energy to provide energy savings under the SOP Program.

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

- R -

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

- S -

SOP Agreement: A contract entered into by the Market Actor and Xcel Energy following the approval of the Market Actor's project application (PA) and Xcel Energy's design of a project-specific measurement and verification (M&V) plan. The SOP Agreement specifies the energy-efficiency measures to be installed, the expected energy savings, the expected total incentive payment, and the agreed-upon M&V approach.

Appendix C Lighting Adjustment Factors

For projects where lighting kW % or kWh % is greater than 65%, the incentive payments shall be adjusted based on the following formulas:

$$\text{Adjusted kW savings} = (\text{Total kW} * 0.65) + \text{Non-lighting kW}$$

$$\text{Adjusted kWh savings} = (\text{Total kWh} * 0.65) + \text{Non-lighting kWh}$$

Incentive payments to Market Actor are based upon adjusted kW and kWh savings.

Examples:

The value of adding non-lighting measures to a lighting-only project is demonstrated below. The incremental increase in adjusted kW is higher than the incremental increase in total kW.

Lighting kW	Non-ltg. kW	Total kW	Lighting %	kW Adj. Factor	Adjusted kW
20	0	20	100%	0.65	13.0
20	1	21	95%	0.70	14.7
20	2	22	91%	0.74	16.3
20	3	23	87%	0.78	18.0
20	4	24	83%	0.82	19.6
20	5	25	80%	0.85	21.3
20	6	26	77%	0.88	22.9
20	7	27	74%	0.91	24.6
20	8	28	71%	0.94	26.2
20	9	29	69%	0.96	27.9
20	10	30	67%	0.98	29.5
20	11	31	65%	1.00	31.0
20	12	32	63%	1.00	32.0

Sample Calculation

A project to be implemented at an office building (given as an example – office building to not apply to HTR or Residential SOPs) is projected to result in 15 kW of lighting savings and 4 kW of HVAC savings. In addition to the demand savings, the lighting measures will provide 60,000 kWh of annual energy savings, and the HVAC measures will provide 8,000 kWh of annual energy savings.

Adjusted Demand (kW) Payment Calculation:

Percentage of kW savings from lighting = $15/19 = 78.9\%$

$$\text{Adjusted kW} = (19 * 0.65) + 4$$

$$\text{Adjusted kW savings} = 12.35 + 4 = 16.35 \text{ kW}$$

$$\text{kW payment} = 16.35 \times \$278 = \$4,545.30$$

Adjusted Energy (kWh) Calculation:

Percentage of annual kWh savings from lighting = $60,000/68,000 = 88.2\%$

$$\text{Adjusted kWh} = (68,000 * 0.65) + 8,000$$

$$\text{Adjusted kWh savings} = 44,200 + 8,000 = 52,200 \text{ kWh}$$

$$\text{kWh payment} = 52,200 \times \$0.095 = \$4,959.00$$

Appendix D PUCT-Approved Customer Eligibility Forms

(Please visit xcelenergyefficiency.com)

Appendix E:
**RESIDENTIAL AND HARD-TO-REACH STANDARD OFFER
PROGRAMS AGREEMENT**

BETWEEN

XCEL ENERGY

AND

January 2018

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2018 RESIDENTIAL AND HARD-TO-REACH STANDARD OFFER PROGRAMS AGREEMENT

This Residential and Hard-to-Reach Standard Offer Program Standard Contract (the "Agreement") is made and entered into by and between SOUTHWESTERN PUBLIC SERVICE COMPANY d/b/a Xcel Energy, a New Mexico corporation (hereinafter "Xcel Energy") and _____, (hereinafter "Market Actor") for the purpose of obtaining demand and energy savings from efficiency measures installed at _____ (the "Project").

WHEREAS, XCEL ENERGY has developed a demand-side Residential and Hard-to-Reach Standard Offer Programs for its residential and hard-to-reach customer classes (the "SOP"); and

WHEREAS, the SOP seeks to procure energy and peak demand savings through the installation and operation of energy efficiency measures at residential and hard-to-reach customer sites; and

WHEREAS, Market Actor has developed a plan for participation in the SOP through a set of proposed energy efficiency measures and other improvements necessary to produce energy savings and peak demand savings (the "Project");

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the adequacy and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. ARTICLE I – DEFINITIONS

- 1.1 "Baseline" is generally defined, for the purposes of determining estimated and measured energy savings, as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. The baseline may be determined by the equipment or conditions currently in place under the following conditions: a) when federal energy efficiency standards do not apply, or b) when the existing equipment can be shown by the Market Actor to have a remaining service life of at least ten years.
- 1.2 "Contract Documents" shall mean i) Market Actor's approved Project Application, attached hereto and incorporated herein as Exhibit A; ii) Market Actor's approved Supplemental

Project Information dated _____, attached hereto and incorporated herein as Exhibit B; iii) the SOP Manual, attached hereto

- 1.3 and incorporated herein as Exhibit C; and v) this Agreement together with any and all other exhibits, addenda, or amendments referenced herein or made a part hereof in accordance with this Agreement.
- 1.4 "Deemed Energy Savings" shall mean a pre-determined, validated estimate of Energy Savings attributable to a Measure in a particular type of application.
- 1.5 "Deemed Peak Demand Savings" shall mean a pre-determined, validated estimate of Peak Demand Savings attributable to a Measure in a particular type of application.
- 1.6 "Energy Savings" shall mean a quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced, as a result of the installation of qualifying energy-efficient equipment. Energy Savings will be determined by comparing the efficiency of the installed equipment to that of an appropriate baseline.
- 1.7 "Host Customer" shall mean a residential customer of XCEL ENERGY that owns or leases facilities at a Project Site or Sites and that has either entered into a Host Customer Agreement with Market Actor or is acting as its own Market Actor for the installation of Measures as a part of the Project.
- 1.8 "Host Customer Agreement" shall mean the agreement between Host Customer and Market Actor that specifies the rights and obligations of each party with respect to the installation of the Measures and other related and/or unrelated matters at the Project Site.
- 1.9 "Measure" shall mean equipment, materials, and practices that when installed and used at a customer site result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kW), or both.
- 1.10 "Peak Demand" shall mean electrical demand at the time of highest annual demand on the utility's system, measured in 15 minute intervals.
- 1.11 "Peak Demand Savings" shall mean, for purposes of the XCEL ENERGY Standard Offer Program, the maximum average load reduction occurring during any one-hour period between 1 PM and 7 PM CDT weekdays, from May 1 through September 30 (holidays excluded). Peak Demand Savings will be determined by comparing the efficiency of the installed equipment to that of an appropriate baseline.

- 1.12 "Project" shall mean an energy efficiency measure or combination of measures installed under this Agreement that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.
- 1.13 "Project Site" shall mean one or more adjacent buildings on a single meter owned or operated by a single Xcel Energy customer.
- 1.14 "Market Actor" shall mean any organization, group, or individual who contracts with XCEL ENERGY to provide Energy Savings and Peak Demand Savings under the Standard Offer Program.
- 1.15 "Prudent Electrical Practices" shall mean 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 provided, however, that in the event of a conflict, the applicable federal, state or local code shall govern.

2. ARTICLE II - TERM AND TERMINATION

- 2.1 The term of this Agreement shall commence on the date of execution by XCEL ENERGY (the "Effective Date") and, unless otherwise terminated as set forth herein, shall continue in force and effect for a period of 18 months from the Effective Date.

3. ARTICLE III - COMPLIANCE WITH SOP MANUAL

- 3.1 By executing this Agreement, Market Actor acknowledges that it reviewed the SOP Manual (Exhibit C) prior to submission of its Project Application. Market Actor represents and affirms that its participation in the SOP has at all times been in compliance with the procedures and conditions set forth in the SOP Manual and that any failure to comply therewith may be treated as a breach of this Agreement notwithstanding the fact that such failure occurred prior to the execution of this Agreement. Market Actor also acknowledges that it meets or exceeds all of the qualifications required to participate in the SOP as described in the SOP Manual and that failure to meet the qualifications therein may be treated as a breach of this Agreement.
- 3.2 Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of the parties. Any such agreement shall be attached hereto and incorporated herein for all purposes.

4. ARTICLE IV - HOST CUSTOMER AGREEMENT AND CUSTOMER CERTIFICATION

- 4.1 Market Actor will be solely responsible for entering into a Host Customer Agreement(s) with the Host Customer(s) as appropriate for implementation of the Project. Before any marketing activities are begun at a Project Site, the Market Actor shall submit a copy of its proposed Host Customer Agreement template to XCEL ENERGY for approval. The approved Host Customer Agreement must be executed

by the Host Customer prior to Market Actor beginning installation of Measures at the Project Site. XCEL ENERGY will not award incentive payments without proper completion of the Host Customer Agreement as provided for in the Contract Documents. To the extent possible, Host Customer Agreements will be kept confidential.

- 4.2 Market Actor agrees to disclose to Host Customer any potential adverse environmental or health effects associated with the Measures to be installed at the Project Site. Market Actor further agrees to include in the Host Customer Agreement all consumer protection provisions and disclosures contained in Article XII of this Agreement as well as the following provisions:

- (a) Host Customer agrees, upon three (3) days' prior oral notice, to provide XCEL ENERGY and the independent measurement and verification expert selected by the Public Utility Commission of Texas (PUCT) with full and complete access to the Project Site for any purpose related to the SOP. The right of access will be subject to Host Customer's reasonable access requirements and, unless otherwise agreed, must occur within the normal business hours of the Host Customer.
- (b) Host Customer acknowledges that any view, inspection, or acceptance by XCEL ENERGY of the Project Site or of the design, construction, installation, operation or maintenance of the Measures is solely for the information of XCEL ENERGY and that, in performing any such inspection or review or in accepting the Measures, XCEL ENERGY makes no representation or warranty whatsoever as to the economic or technical feasibility, capability, safety or reliability of the Measures, their installation by Market Actor or their compatibility with the Host Customer's facilities.
- (c) Host Customer acknowledges that Market Actor is an independent contractor with respect to XCEL ENERGY and the SOP and that Market Actor is not authorized to make representations or incur obligations on behalf of XCEL ENERGY. Host Customer further acknowledges that XCEL ENERGY is not a party to the Host Customer Agreement and that Market Actor is solely responsible for performance thereunder.

- (d) Host Customer agrees to provide XCEL ENERGY with access to Host Customer's utility bills, project documentation, contractor invoices, and technical and cost information directly related to the Project.
- 4.3 Market Actor must obtain a certification from each Host Customer indicating that the Measures contracted for were installed at the Project Site. The certification should be in the form of the Customer Certification form available from the official program website. The Customer Certification form(s) should be submitted to XCEL ENERGY with the Project Implementation Report described in Section 5.4 below. If a Host Customer refuses to sign the Customer Certification form, Market Actor may request, at Market Actor's expense, that XCEL ENERGY perform an inspection of the Project Site. Final payment of incentives will not be made unless and until a Customer Certification or inspection has been completed in accordance with the terms of the Contract Documents.

5. ARTICLE V - PROJECT IMPLEMENTATION

- 5.1 Market Actor agrees on and after the Effective Date to use all reasonable efforts to implement the Project without undue delay and otherwise in accordance with the terms of the Contract Documents. Measures shall be designed, constructed and installed in a good and workmanlike manner only with materials and equipment of appropriate quality, and, in any event, in accordance with Prudent Electrical Practices. To the extent of any conflict between this Agreement and other Contract Documents, the terms of this Agreement shall prevail.

- 5.2 The minimum amount of installations that may be performed at a non-HTR Host Customer Site is \$250. Market Actors treating Hard-to-Reach project sites have no minimum but must install, at minimum, one of the primary measures, as described in the SOP Manual, per site. The maximum Market Actor incentive limit is as follows:

Hard-to-Reach – Large Component-\$65,000.00

Residential – Large Component-\$70,000

- 5.3 Market Actors will not have to complete a reservation process to perform installations. Projects can be submitted until the Market Actor cap is reached or all program funds have been used. Funds will be taken out of the program budget upon the submission of a project. Please note that when funds have run out in the program, there is no guarantee that Utility will be able to pay incentives on non-submitted projects. It is the sponsor's responsibility to monitor the program budget and their Market Actor budget to determine if there are ample funds before implementing installations..

Within thirty (30) days of receipt an invoice, XCEL ENERGY shall (may) complete a random sample inspection a statistically significant sample of the Measure installations at the Project Site.). This inspection shall be used to determine whether the Measures were installed and are capable of performing their intended function of producing Energy Savings and Peak Demand Savings. If XCEL ENERGY reasonably determines that the Measures at the

Project Site(s) have been installed, tested and inspected to the extent required by XCEL ENERGY and found to be capable of providing Peak Demand Savings and/or Energy Savings in material compliance with the Contract Documents, the installations will be approved as submitted. The Estimated Savings attributable to the Measures documented in the approved Project Implementation Report will be used for purposes of calculating the Incentive Payment in Section 7.2.

- 5.4 If XCEL ENERGY determines that the Measures installed at the Project Site(s) are not capable of providing Peak Demand Savings and/or Energy Savings in material compliance with the Contract Documents, all installations may be evaluated on a measure-by-measure basis to calculate an adjustment factor for energy savings and incentives. This adjustment factor may consider the ratio of savings of the measures that pass the inspection to the total incentive specified in the Measure Inspection Report. The adjustment factor may then be applied to the incentive amount for payment. The algorithm for calculating the adjustment factor is described below:

$$\text{Adjustment Factor} = \frac{\text{Total incentives per measure that pass inspection}}{\text{Total incentives per measure on inspection report}}$$

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

- 5.5 Within thirty (30) days of the conclusion of the Performance Period, the Market Actor shall submit a report to XCEL ENERGY documenting the Measured Peak Demand Savings and/or Measured Energy Savings for the Performance Period (the "Performance Report"). If the Performance Report is deficient, XCEL ENERGY will provide written notice of the deficiency to the Market Actor which notice shall specify the nature of the deficiency. Upon receipt of the notice of deficiency, Market Actor shall revise the Performance Report to correct the deficiency. The revised Performance Report shall be resubmitted to XCEL ENERGY within the time period specified by XCEL ENERGY in the notice of deficiency.
- 5.6 Any view, inspection, or acceptance by XCEL ENERGY of any Project Site or of the design, construction, installation, operation and maintenance of the Measures is solely for the information of XCEL ENERGY. In performing any such inspection or review or in accepting the Measures, XCEL ENERGY makes no representation or warranty whatsoever as to the economic or technical feasibility, capability, safety or reliability of the Measures, their installation by Market Actor or their compatibility with the Host Customer's facilities.

6. ARTICLE VI - MEASUREMENT AND VERIFICATION

6.1 For multifamily residential projects, the Market Actor may choose either the Deemed Savings or Measured Savings method of measurement and verification as set forth in the SOP Manual. HTR and single-family residential projects must use deemed savings.

If the Market Actor intends to utilize the measured savings either as an alternative, or in addition to the deemed savings option, then a detailed M&V plan must be provided.

In these cases the monitoring and measurement of the Energy Savings and Peak Demand Savings that result from the Measures installed as a part of the Project shall be as set forth in the Measurement and Verification Plan which is attached hereto as Exhibit C. The measurement and verification activities shall be performed by the Market Actor.

7. ARTICLE VII - INCENTIVE PAYMENTS

7.1 XCEL ENERGY agrees to make an "Incentive Payment" to the Market Actor based upon the sum of the Deemed Savings and Simplified M&V savings derived from the Project. No more than sixty five percent (65%) of the total savings may be derived from lighting Measures. If a project consists of lighting Measures only, compensation shall be calculated in accordance with Appendix C of the SOP Manual.

7.2 The total Incentive Payment due to Market Actor will be calculated by multiplying the Deemed Savings and Simplified M&V Procedure Savings associated with the Measures installed at the Project Site by the applicable "Incentive Rate" specified in Section 7.3. The Incentive Payment for Deemed Savings and Simplified M&V Procedure Savings shall be payable in one installment. Regardless of the actual calculated Incentive Payment for the Project, the total Incentive Payment for a single-family project shall not exceed \$5,000. The total Incentive Payment for single family and multi-family projects shall not exceed the following maximum cumulative payments.

The maximum cumulative Incentive Payments for all Market Actors, regardless of the number of individual Projects completed in 2018:

Hard-to-Reach – Large Component \$510,000

Residential – Large Component \$500,000

7.3 This agreement is from the _____SOP Program. The applicable Incentive Rates are as follows for savings derived from Measures installed at eligible non-Hard-to-Reach Residential Project Sites:

- (a) Peak Demand Savings Incentive Rate = \$358/kW (coincident with system peak)
- (b) Energy Savings Incentive Rate = \$0.12/kWh

The applicable Incentive Rates are as follows for savings derived from Measures installed at eligible Hard-to-Reach Residential Project Sites:

- (a) Peak Demand Savings Incentive Rate = \$420/kW (coincident with system peak)
- (b) Energy Savings Incentive Rate = \$0.14/kWh

- 7.4 Upon completion of Measure installation and approval of the installations, XCEL ENERGY will make the Incentive Payment within forty-five (45) days of its receipt and approval of the invoice. The Incentive Payment will be one hundred percent (100%) of the payment due for Deemed Savings Measures and Simplified M&V Measures.

Incentive Payments are subject to load factor adjustments in accordance with the following:

For non-HTR residential projects, the maximum total payment (kWh and kW payments combined) is \$650 per kW of peak summer demand savings.

For Hard-to-Reach projects, the maximum total payment (kWh and kW payments combined) is \$1,394 per kW of peak summer demand savings.

Projects Utilizing Measured Savings: At the conclusion of the Performance Period and upon final approval of the Performance Report, Market Actor will submit an invoice to XCEL ENERGY for the second installment of the Incentive Payment (the "Performance Payment"). XCEL ENERGY will make the Performance Payment within forty-five (45) days of its receipt and approval of the invoice. The Performance Payment will be the remaining amount of the total Incentive Payment due based upon the Measured Savings.

The Performance Payment can be negative if the Measured Savings are less than forty percent (40%) of the Estimated Savings upon which the Implementation Payment was based. In the event that the above formula results in a negative Performance Payment, then Market Actor will refund that amount to XCEL ENERGY within forty-five (45) days of the end of the Performance Period.

8. ARTICLE VIII - AUDIT AND RECORDS

- 8.1 Market Actor or its assignee shall keep and maintain accurate and detailed records and documentation relating to the Project and its associated Energy Savings and Peak Demand Savings under this Agreement for a period of not less than three (3) years beyond the termination of this Agreement. During the retention period, such records shall be made available, upon reasonable notice, for inspection during normal business hours by XCEL ENERGY or any governmental agency having jurisdiction over the SOP or any portion of the Project.

9. ARTICLE IX - INSURANCE

- 9.1 Market Actor represents and agrees that it and its subcontractors will carry all statutorily required insurance for the protection of its employees and that each of its subcontractors will carry such insurance for the protection of their respective employees. Market Actor further represents and agrees that it will carry all insurance required by Exhibit D, which is attached hereto and incorporated herein for all purposes. Prior to commencement of installation, Market Actor shall furnish to XCEL ENERGY a certificate or certificates of insurance indicating Market Actor's compliance with this paragraph and stating that the insurance described therein shall not be canceled or terminated except on thirty (30) days written notice to:

Xcel Energy
Attn: Bryan Whitson
790 South Buchanan St.
Amarillo TX 79101
Email: bryan.j.whitson@xcelenergy.com

Additionally, Market Actor warrants that such policies include a waiver of subrogation naming XCEL ENERGY. Market Actor shall furnish evidence that such policies have been issued in accordance with the requirements of this paragraph by furnishing copies of such for XCEL ENERGY's inspection.

10. ARTICLE X – INDEMNITY

- 10.1 Each party agrees to and shall defend, indemnify and hold harmless the other party, that indemnified party's parent company and all related or affiliated companies, and all affiliates, officers, directors, shareholders, associates, employees, servants and agents of each, from and against all claims, damages, expenses, including reasonable attorneys' fees and costs, losses, causes of action or suits which arise out of or relate to this Agreement, the negligent act or omission or willful misconduct of the indemnifying party, its employees, agents, servants or subcontractors, excepting only the proportional share of such liability, if any, due to the fault or negligence of the indemnified party, its employees, agents, servants or subcontractors.

11. ARTICLE XI – PERMITS, LICENSES AND COMPLIANCE WITH LAWS

P.O Market Actor represents and warrants that prior to beginning installation of Measures, Market Actor will, at its own cost and expense, obtain all permits and other authorizations from governmental authorities as then may be required to install, construct, operate and maintain the Measures in question and to perform its obligations hereunder. During the term hereof, Market Actor will obtain all such additional governmental permits, licenses, and other authorizations when required with respect to any of the Measures under this Agreement. If requested by XCEL ENERGY, Market Actor shall furnish to XCEL ENERGY copies of each such permit, license or other approval promptly following receipt thereof. Market Actor shall maintain in full force and affect all such governmental permits, licenses and other authorizations as may be necessary for the construction, operation or maintenance of the Measures in accordance herewith.

P.O Market Actor shall be responsible for all royalties, fees, or claims for any licensed, copyrighted or similarly protected intellectual property, device, process or procedure used, installed, or provided by it. Market Actor shall defend any suit that may be brought against XCEL ENERGY and shall hold XCEL ENERGY harmless from any liability or infringement of any such intellectual property used by Market Actor in the implementation of the Project.

P.O All work performed by Market Actor in connection with the implementation of the Project and all Measures installed or maintained by Market Actor shall conform to all applicable laws, statutes, ordinances, rules, regulations, and decrees of any governmental or administrative body having jurisdiction over the SOP or any portion of the Project, including without limitation, Occupational Safety and Health Administration (OSHA) regulations, the National Electric Safety Code (NESC), the National Electric Code (NEC) and Sections 752.001 – 752.008 of the Texas Health and Safety Code. Handling of hazardous waste must be in compliance with all applicable Environmental Protection Agency (EPA) and state and local codes.

12. ARTICLE XII – CONSUMER PROTECTION

12.1 Each Market Actor shall provide clear disclosure to the Host Customer of the following:

(P) The customer's right to a cooling-off period of three business days, in which the contract may be cancelled, if applicable under law.

(P) The name, telephone number, and street address of the Market Actor, the contractor, and written disclosure of all warranties.

(P) €The fact that incentives are made available to the Market Actor through a ratepayer funded program, manufacturers or other entities.

(P) Notice of provisions that will be included in the Host Customer Agreement as described in Section 12.3 below.

12.2 A form developed and approved by the PUC may be used to satisfy the requirements of Section 12.1 above.

12.3 In addition to those contractual provisions required by Section 4.1 hereinabove, the Host Customer Agreement shall include the following provisions in accordance with P.U.C. Subst. R. 25.181(n)(3):

(P) Information on the Market Actor's or its contractors work activities and completion dates, and the terms and conditions that protect residential Host Customers in the event of non-performance by the Market Actor.

(2) Written and oral disclosure of the financial arrangement between the Market Actor and Host Customer. This includes an explanation of the total Host Customer payments, the total expected interest charged, all possible penalties for non-payment, and whether the Host Customer's installment sales agreement may be sold.

(3) A notice of your cancellation rights and procedures, including a form you can sign and return to cancel the transaction.

(4) Disclosure of contractor liability insurance to cover property damage.

(5) An "All Bills Paid" certification be given to the Host Customer to protect against claims of subcontractors.

(6) Provisions prohibiting the waiver of consumer protection statutes, performance warranties, false claims of energy savings and reductions in energy costs.

(7) Information on complaint procedures offered by the Market Actor, or by XCEL ENERGY, as required by P.U.C. Subst. R. 25.181(i)(2)(k), and toll free numbers for the Office of Customer Protection of the Public Utility Commission of Texas, and the Office of Attorney General's Consumer Protection Hotline.

(8) A statement that the energy efficiency service provider is receiving an incentive paid for through the rates of Southwestern Public Service Company for the electricity saved by the customer's energy efficiency improvements.

- (9) Disclosure that the Market Actor is not part of, or endorsed by the PUC or XCEL ENERGY.

13. ARTICLE XIII – DEFAULT AND REMEDIES

13.1 Each of the following events will be deemed to be an Event of Default hereunder:

- (P) failure of Market Actor to perform its responsibilities in a timely manner or implement the Project in compliance with the SOP Manual and other Contract Documents;
- (P) failure of Market Actor to provide XCEL ENERGY and/or its contractors with sufficient access to the Project Sites for the purposes of conducting inspections.
- (P) failure of Market Actor to maintain any necessary permits, licenses or insurance required pursuant to the Contract Documents;
- (P) Market Actor's assignment or subcontracting of all or part of the duties required under the Contract Documents without the prior written consent of XCEL ENERGY;
- € Market Actor's submission to XCEL ENERGY of any false, misleading or inaccurate information or documentation with respect to implementation of the Project or Market Actor's performance hereunder, when Market Actor knew or reasonably should have known that such information was false, misleading or inaccurate; or
- (f) failure of either party in a material fashion to perform or observe any of the material terms, conditions or provisions of this Agreement which failure materially adversely affects the other party and continues after notice and a thirty (30) day period to cure, or, if such failure cannot reasonably be cured within thirty (30) days, after notice and such period to cure in excess of thirty (30) days as may be reasonably required (provided that the non-performing party commences action to cure within an initial period of thirty (30) days after notice and thereafter pursues such cure with reasonable diligence).

13.2 If an Event of Default occurs, the non-defaulting party shall be entitled to exercise any and all remedies provided for by law or in equity, including the right to terminate this Agreement upon written notice to the other party. Termination shall be effective upon the

receipt of properly served notice. Termination of this Agreement will not relieve the defaulting party of any obligations accruing prior to the event of termination.

14. ARTICLE XIV – LIMITATION OF LIABILITY

- 14.1 **NEITHER XCEL ENERGY NOR ITS OFFICERS, DIRECTORS, PARTNERS, AGENTS, EMPLOYEES, SUCCESSORS, ASSIGNS, OR AFFILIATES SHALL BE LIABLE TO MARKET ACTOR OR ANY HOST CUSTOMER FOR CLAIMS FOR INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY NATURE CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, CLAIMS IN THE NATURE OF LOST REVENUES, INCOME OR PROFITS, IRRESPECTIVE OF WHETHER SUCH CLAIMS ARE BASED UPON WARRANTY, NEGLIGENCE, STRICT LIABILITY, CONTRACT, OPERATION OF LAW OR OTHERWISE AND MARKET ACTOR SHALL PROTECT, INDEMNIFY AND HOLD XCEL ENERGY HARMLESS FROM SAME.**

15. ARTICLE XV – INDEPENDENT CONTRACTOR

- 15.1 Market Actor will act as and be deemed to be an independent contractor. Market Actor will not act as, nor be deemed to be, an agent or employee of XCEL ENERGY. Market Actor will have the sole right to control and directly supervise the method, manner and details of the Project providing it is in accordance with the Contract Documents.
- 15.2 No part of the work contemplated under this agreement may be performed by subcontractors without the prior written approval of XCEL ENERGY.

16. ARTICLE XVI – NOTICES

- 16.1 All notices from one party to the other will be deemed to have been delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid to the following address:

XCEL ENERGY:
790 S Buchanan St
Amarillo, TX 79101
Phone: 806-378-2887
Attn: Bryan Whitson

Market Actor:

Attn:

- 16.2 Either party may change its address by written notice to the other in accordance with this Article XVI.

17. ARTICLE XVII - AMENDMENT

- 17.1 No amendment or modification of this Agreement shall be binding on either party unless it is in writing and signed by both parties. Amendments to this Agreement will be attached hereto and made a part hereof for all purposes.

18. ARTICLE XVIII - ARBITRATION

- 18.1 **BOTH PARTIES AGREE TO FIRST ATTEMPT TO RESOLVE DISPUTES ARISING HEREUNDER THROUGH ALTERNATIVE DISPUTE RESOLUTION TECHNIQUES, INCLUDING MEDIATION. IF, HOWEVER, SUCH DISPUTES CANNOT BE RESOLVED THROUGH SUCH MEANS, BOTH PARTIES AGREE TO SUBMIT SUCH DISPUTES FOR RESOLUTION THROUGH BINDING ARBITRATION, TO BE CONDUCTED BY ONE QUALIFIED INDEPENDENT ARBITRATOR, IN ACCORDANCE WITH THE PROVISION OF THE TEXAS GENERAL ARBITRATION ACT (TEXAS CIVIL PRACTICE AND REMEDIES CODE, SECTION 171.001 ET. SEQ.). -**

19. ARTICLE XIX – FORCE MAJEURE

- 19.1 The term “Force Majeure” as used herein means causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, including, but not limited to, acts of God,

labor disputes, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, change in laws or applicable regulations subsequent to the date hereof and action or inaction by any federal, state or local legislative, executive, administrative or judicial agency or body, which, in any of the foregoing cases, by exercise of due foresight

such Party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it is unable to overcome.

19.2 The term “Force Majeure” shall not include any of the following:

- (a) Any removal, reduction, curtailment or interruption of operation of any or all Measures whether in whole, or in part, which removal, reduction, curtailment or interruption is caused by or arises from the action or inaction of the Host Customer or any third party, including without limitation, any vendor or supplier to the Market Actor or XCEL ENERGY, unless, and then only to the extent that, any such action or inaction was beyond the reasonable control of, and occurred without the fault or negligence of such third party, and such third party, by exercise of due foresight, could not reasonably have been expected to avoid;
- (b) Any outage, whether or not due to the fault or negligence of XCEL ENERGY or Market Actor, of the Measures or XCEL ENERGY’s system attributable to a defect or inadequacy in the manufacture, design or installation of the Measures that prevents, curtails, interrupts or reduces the ability of the Measures to provide Peak Demand and/or Energy Savings; or
- (c) Any reduction in Measured Peak Demand Savings and/or Measured Energy Savings caused by or resulting from a Host Customer’s termination or reduction of electrical distribution service received from XCEL ENERGY and the substitution therefore of electric service from any other source.

19.3 The Parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise if, and to the extent that, they are unable to so perform or are prevented from performing by an event of Force Majeure, provided that:

- (a) The non-performing party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than fourteen (14) days thereafter, gives the other party written notice describing the particulars of the occurrence;
- (b) The suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure;
- (c) The non-performing party uses its best efforts to remedy its inability to perform; and
- (d) As soon as the non-performing party is able to resume performance of its obligations excused as a result of the occurrence, it shall give prompt written notification thereof

to the other party.

20. ARTICLE XX - MISCELLANEOUS

- 20.1 Market Actor will not assign, transfer or otherwise dispose of any of its obligations or duties without the prior written approval of XCEL ENERGY. Any assignment or transfer made without the express written approval of XCEL ENERGY will be null and void.
- 20.2 The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Agreement shall be deemed to be a waiver of any other breach of the same or any other term, condition or covenant contained herein.
- 20.3 The Contract Documents constitute the entire Agreement between the parties with respect to the subject matter hereof and there are no express or implied warranties or representations upon which any party may rely beyond those set forth therein. The execution of this Agreement supersedes all previous agreements, discussions, communications and correspondence with respect to such subject matter.
- 20.4 In the event any provision of this Agreement is held to be void, unlawful, or otherwise unenforceable, that provision will be severed from the remainder of the Agreement and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Agreement, as so modified, will continue to be in full force and effect.
- 20.5 This Agreement will be governed by, construed and enforced in accordance with the laws of the State of Texas. The parties agree that the proper venue and jurisdiction for any cause of action relating to the Agreement will be in Potter County, Texas.
- 20.6 Market Actor shall not use SPS' or XCEL ENERGY's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including soliciting customers for participation in its project.
- 20.7 *The undersigned and Xcel Energy agree that Xcel Energy may make agreements with you by electronic means and that such agreements have the same legal effect as agreements entered into on paper and are authentic and valid.*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

XCEL ENERGY
paragraph]

[Market Actor name here; same as first

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

21. EXHIBIT A - 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, OCCURRENCE FORM with the following- coverages included (not excluded):-		Bodily Injury & Property Damage Combined:-
- Premises/Operations	Each Occurrence:	\$1,000,000-
- Underground Explosion and Collapse Hazard	General Aggregate:	\$1,000,000.-
- Products/Completed Operations Hazard-	Products Comp/Ops. Aggregate:	\$1,000,000.-
- Contractual Insurance (applicable to- indemnity clause contained in contract(s)-		
- Independent Contractors-		
- Broad Form Property Damage-		
- Personal Injury-		
AUTOMOBILE LIABILITY, with coverage applicable to all owned, hired, and non-owned vehicles	BI and PD Combined:-	
	Each accident:	\$1,000,000-
	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.-

** A copy of this sheet and a copy of this Agreement should be furnished to Market Actor's Insurance Agent.-

** Amendment or waiver of the insurance requirements will only be valid if prior written consent is

received from Risk & Insurance Management.-

INFORMATION FOR INSURANCE AGENTS:-

** Policies written on a claims-made basis shall be maintained for five years after performance of the Agreement is completed.-

** Required insurance should be certified using the ACCORD CERTIFICATE OF INSURANCE, or a form similar thereto.-

** Market Actor's insurance agent is responsible to list on CERTIFICATE OF INSURANCE all endorsements which eliminate any required coverages.-

** Market Actor's insurance agent is responsible to state on the CERTIFICATE OF INSURANCE that all policies of insurance include Waiver of Subrogation in favor of Xcel Energy.-

** CERTIFICATE OF INSURANCE must be dated and signed by insurance agent or authorized representative.-

** CERTIFICATE HOLDER must be shown as Xcel Energy – P.O. Box 1261, Amarillo TX 79105-1261. ATTN: Bryan Whitson.-

** The original CERTIFICATE OF INSURANCE must be forwarded to the CERTIFICATE HOLDER.

22. Exhibit B - Marketing Material: Acceptable and Unacceptable

Information has sometimes been relayed to customer's that is incorrect or misleading, giving the customer a misrepresentation of the responsibility of the Utility Company. Suggestions are offered here for correct verbiage that can be used. Statements in the second section are incorrect and must NOT be used.

Acceptable phrases:

"The local electric utility company has started an energy conservation program for their customers..."

"This program is offered at subsidized or no cost to the homeowner."

"The electric delivery companies are purchasing the energy savings we have provided you."

"The State of Texas has developed programs to assist qualified electric customers with installing energy saving improvements to help reduce consumption of energy..."

"Current State law requires local electric utilities to make funds available to independent contractors so that you have the opportunity to improve the energy efficiency of your home."

"The Utility Companies typically call about 10% of the customers we do work for to ensure we are following guidelines and proper upgrades have been done."

"...your only obligation may be to allow the utility to inspect our work."

"(Market Actor) provides free upgrades to your home to lower costs on your electric bill."

"(Market Actor) is not part of, or endorsed by the PUCT or the local electric utility. We are an independent company that provides energy efficiency measures under the programs for electric utilities."

"These funds are provided by rate payers and are regulated by the Public Utility Commission."

"The State of Texas has developed programs to encourage energy service providers to offer energy conservation services to electric customers of investor-owned utilities."

These phrases, or anything similar, are NOT to be used:

"All costs are paid by your electric company."

"Would you like your utility company to pay for energy efficiency upgrades to your home at no cost to you?"

"It is free because we are paid by the utilities"

"We are getting paid but not from you, but by your utility company."

"(Market Actor) bills your electric utility for the work performed on your home."