

ATTACHMENT 1

COMPENSATION SCHEDULE

1.0 NOTICE TO PROJECT SPONSOR

Owner will make every reasonable effort to process the Project Sponsor's invoice in a timely manner. Failure of the Project Sponsor to follow all applicable provisions of the Contract and to include all required information may result in an invoice payment being delayed, partial payment being made or the invoice being returned without payment.

2.0 INVOICE INSTRUCTIONS

2.1 Project Sponsor shall submit separate invoices with the below noted information upon the approval of the Installation Report and approval of the Savings Report. Invoices shall be sent to:

CenterPoint Energy
Karen Gregory
1301 Travis St.
Houston, TX 77002

2.2 Project Sponsor shall submit invoices in duplicate, with a minimum of one copy of supporting documentation and shall include the following information:

- 2.2.1 Standard title identifying the Project;
- 2.2.2 Date of Invoice;
- 2.2.3 Project Sponsor's name, address, and phone number;
- 2.2.4 Project Sponsor's invoice number;
- 2.2.5 Owner's Contract number and Project Authorization Number;
- 2.2.6 Total payment due under invoice;
- 2.2.7 Specific item number and description as indicated in Contract Pricing/Project Authorization Form.

3.0 TERMS OF PAYMENT

Owner shall compensate Project Sponsor, net thirty (30) calendar days from approval of a properly submitted invoice(s).

4.0 METHOD OF PAYMENT

In consideration of satisfactory performance of the Service, Owner shall pay Project Sponsor in accordance with the provisions defined herein and in accordance with each separate Project Authorization.

5.0 TAXES

- 5.1 Sales/Use Taxes. The Services provided under this Agreement are **non-taxable**.
- 5.2 Payroll Taxes. The Agreement Price includes, and the Project Sponsor shall have the full exclusive liability for the payment of, taxes and assessments for unemployment insurance, old age benefits, annuities, social security, disability benefits, or other taxes which are in whole or in part measured by and/or based upon the wages, salaries or other remuneration paid to persons employed by the Project Sponsor for service rendered under this Contract.

6.0 PERIOD OF PERFORMANCE

The Period of Performance of this Contract shall extend from **X, 2004** through **Y, 2004**.

7.0 TARGET VALUE

This Contract shall not exceed **ZZZZZZZZZZZZZZ (\$Z,ZZZ,ZZZ.00)** without the expressed written consent of the Owner.

Project Sponsor understands and agrees that the Target Value represents an estimated not-to-exceed amount to be used for budgeting purposes only. CenterPoint Energy does not warrant or guarantee that the Target Value, or any other value, will be reached under this agreement. The compensation paid to the Project Sponsor shall be governed by separate Project Authorizations, and Appendix "A" attached thereto.

8.0 INCENTIVE PAYMENTS

Contract pricing shall be identified in each Project Authorization Form and shall conform to the following:

- 8.1 CenterPoint Energy agrees to make incentive payments to the Project Sponsor based upon the Deemed Energy Savings or Measured Energy Savings derived from each project. The total incentive payments due to the Project Sponsor will be calculated by multiplying the Deemed Energy Savings and the Measured Energy Savings by the applicable incentive price associated with the Measures installed at the Project Site (the "Incentive Rate"). The total incentive payment shall be payable in two installments for incentive payments based on a combination of Deemed Energy Savings and Measured Energy Savings. For projects consisting entirely of Deemed Energy Savings, 100% of the incentive payment will be made following CenterPoint Energy's approval of the Savings Report.

The total incentive payment for any specific project shall be based upon a total Peak Demand and Annual Energy Savings. The maximum Annual Energy Savings allowed for the purposes of calculating the incentive payment will not exceed an energy savings value calculated with an 80% load factor. For instance, the maximum energy savings for a project will be the project's Peak Demand Savings times 8,760 hours per year times 0.8.

No more than sixty-five percent (65%) of the Measured Energy Savings for the Project may be derived from lighting measures. If a project consists of lighting measures only, compensation shall not exceed sixty-five percent (65%) of the Incentive Rate.

The incentive payment calculations are set forth below:

8.2 The Incentive Rate applicable to each type of measure is set forth in the following table:

Energy Incentive Rate (\$/kWh)	Demand Incentive Rate (\$/kW)
\$0.068	\$198.00

8.3 Upon completion of Measure installation and approval of the Installation Report, the Project Sponsor shall submit an invoice for review and approval to CenterPoint Energy for the first installment of the incentive payment (the "Installation Payment"). CenterPoint Energy will make the Installation Payment within thirty (30) days of its approval of the invoice. The Installation Payment will be forty percent (40 %) of the total incentive payment due based upon the Estimated Energy Savings using the following equation:

$$\text{Installation Payment} = [(\text{estimated peak summer kW savings} * \$198.00) + (\text{estimated annual kWh savings} * \$0.068)] * 0.4$$

8.4 At the conclusion of the Performance Period and upon CenterPoint Energy's approval of the Savings Report, the Project Sponsor shall submit an invoice for review and approval to CenterPoint Energy for the second installation of the incentive payment (the "Performance Payment"). The Performance Payment will be the remaining amount of the total incentive payment due based upon the Measured Energy Savings. The amount of the Performance Payment shall be calculated using the following formula:

$$\text{Performance Payment} = [(\text{verified peak summer kW savings} * \$198.00) + (\text{verified annual kWh savings} * \$0.068)] - \text{Installation Payment}$$

CenterPoint Energy will make the Performance Payment within thirty (30) days of its approval of the invoice. In the event that the above formula results in a negative Performance Payment, then the Project Sponsor will refund that amount to CenterPoint Energy within thirty (30) days of receipt of notification of CenterPoint Energy's approval of the invoice.

For those projects utilizing only Deemed Energy Savings in the calculation of the incentive payment, the Project Sponsor will submit the Savings Report with the Installation Report and the incentives will be calculated as outlined in 8.3 and 8.4 above. CenterPoint Energy will make one payment that will include the Installation Payment and the Performance Payment following approval of the Installation Report.

8.5 Under no circumstances shall the Incentive Payment exceed the Estimated Payment Amount included in the Final Application, regardless of Measured Energy Savings.

8.6 **Failure of Project Sponsor to meet the Project Completion Date indicated in the Project Authorization Form will result in the forfeiture of the Incentive payment.**

9.0 APPLICATION DEPOSIT

- 9.1 The Project Sponsor shall be required to provide Owner with a security deposit equal to five percent (5%) of the anticipated Incentive Payment. Said security deposit shall be in the form of a check, made payable to CenterPoint Energy. For the purposes of this Contract, the name "CenterPoint Energy" may be changed by written Notice to the Project Sponsor. The security deposit will be returned to the Project Sponsor upon acceptance, verification and approval of the Savings Report, documenting that the project qualified for at least seventy five percent (75%) of the Estimated Incentive Payment.
- 9.2 The security deposit shall be returned to the Project Sponsor in accordance with the following table:

Percent of Estimated Incentive Payment Received	Percent of Deposit Refund
75%+	100%
50-74%	50%
0 -49%	0%

- 9.3 NOTWITHSTANDING THE ABOVE, PROJECT SPONSOR SHALL FORFEIT ONE HUNDRED PERCENT (100%) OF THE SECURITY DEPOSIT IF AT LEAST 50 KW OF PEAK DEMAND SAVINGS HAS NOT BEEN ACHIEVED BY THE PROJECT COMPLETION DATE DEFINED IN THE PROJECT AUTHORIZATION FORM.

CENTERPOINT ENERGY

PROJECT AUTHORIZATION FORM

PROJECT AUTHORIZATION NO. _____

CONTRACT NO. _____ **4600017xxx** _____

PROJECT SPONSOR: _____ **Contractor Name** _____

PART I PROJECT DESCRIPTION

The Project Sponsor shall provide all required labor, materials, equipment and supervision required to:

This Work shall be performed in accordance with Project Sponsor's Final Application (Appendix A), attached hereto and incorporated by reference.

Schedule: 1. Project Commencement date _____
2. Project Completion date _____

PART II ESTIMATED INCENTIVE

Total Incentive \$ _____

PART III APPLICATION DEPOSIT CERTIFICATION

On _____, _____, Project Sponsor provided CenterPoint Energy HL&P a Security Deposit in the amount of \$ _____, in the form of a check, numbered _____.

PART V OWNER'S APPROVAL

Name: _____ Date _____

PROJECT SPONSOR'S APPROVAL

Name: _____ Date _____

APPENDIX A

INITIAL/FINAL APPLICATION

ATTACHMENT 2

SCOPE OF WORK

- 1.0 Owner will not withhold from any amounts payable under this Contract for federal, state, local or other taxes. It is the responsibility of the Project Sponsor to pay or withhold, as may be appropriate, all such taxes that shall be required pursuant to any law or governmental regulation or ruling.
- 2.0 The Project Sponsor shall not use the CenterPoint Energy's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including to solicit customers for participation in its project, without CenterPoint Energy's prior written consent.
- 3.0 All Work shall be accomplished in accordance with this Scope of Work, as detailed below, and in accordance with the 2004 Commercial & Industrial Standard Offer Program Manual, incorporated by reference only and is not otherwise provided herewith.

ATTACHMENT 3

GENERAL CONDITIONS

FOR

COMMERCIAL & INDUSTRIAL STANDARD OFFER

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1.0 DEFINITIONS

The following definitions shall apply to the Contract, all Contract Documents and Amendments thereto and to related correspondence. A word or expression defined in this Contract containing capital letter(s) shall be identified, in any section of this Contract where the whole text is printed in block capitals, by such word or expression being underlined and/or printed in a more prominent typeface.

- 1.1 "Acceptance" shall mean the official written notification of acceptance of the Work to Project Sponsor from the authorized representative of Owner following satisfactory completion of the Work in accordance with the Contract.
- 1.2 "Contract" shall mean, collectively, the entire agreement between Owner and Project Sponsor, the terms and conditions incorporated therein and other documents, if any, which are by reference made a part of the Contract and providing for signature of a duly authorized representative of each party thereto.
- 1.3 "Contract Administrator" shall mean Owner's duly authorized agent who shall initiate and administer all contract activities related to the contractual terms and conditions.
- 1.4 "Contract Documents" shall mean all documents incorporated herein by reference, including all other documents as further defined in Article 2.0 hereof.
- 1.5 "Contract Price" shall mean the total monies, adjusted in accordance with the provisions of the Contract Documents, paid or payable to Project Sponsor for performance of the Work.
- 1.6 "Contract Supplement" shall mean the written instrument describing additions, changes or deletions to Project Sponsor's scope of work as defined by the Contract Documents, or in the time of performance of the Contract (or any other change desired by Owner) authorized and executed by duly authorized representatives of the parties hereto with the same formality as this Contract.
- 1.7 "Deemed Energy Savings" shall mean a pre-determined estimate of Energy Savings and Demand Savings attributable to a Measure in a particular type of application that the Project Sponsor may use instead of Measured Energy Savings.
- 1.8 "Project Sponsor" shall mean the party who is the provider of the energy efficiency services being purchased under this Contract and who is entering into this Contract with Owner.
- 1.9 "Project Sponsor's Representative" shall mean the person designated by the Project Sponsor to represent the Project Sponsor during the term of the Contract.
- 1.10 "Customer" shall mean a large commercial or industrial distribution system customer of Owner that owns or leases facilities at a Project Site and who has entered into a Customer Agreement with the Project Sponsor for the installation of Measures as a part of the Project. For the purposes of this Contract, a large commercial customer shall mean a retail commercial customer whose total aggregate demand exceeds 100 kW. A customer may combine various sites within

CenterPoint Energy's service territory, provided the sites are under common ownership of the Customer.

- 1.11 "Customer Agreement" shall mean the agreement between Customer and the Project Sponsor 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.
- 1.12 "Day" shall mean a calendar day.
- 1.13 "Drawings" shall mean collectively, all drawings Owner may issue from time to time in order to clarify or explain such drawings or to show details that are not shown thereon.
- 1.14 "Energy Savings" shall mean the amount of annual (one-year) electric energy reduction, expressed in kilowatt-hours and/or kilowatts, that results only from those Measures included in the Project Sponsor's approved Final Application. Any energy savings that may result from Measures installed or activities completed by the Project Sponsor that are not included in the approved Final Application will be excluded from this definition and are not eligible for payment under the SO Program. Energy savings will be calculated based upon savings over and above standard efficiency equipment and not in relationship to existing equipment, except in cases where no standards exist. Equipment standard efficiencies are ASHRAE 90.1-1989, ASHRAE 90.1 m-1995, and the CenterPoint Energy Standard Lighting Wattage Table.
- 1.15 "Project Manager" shall mean Owner's designee who shall manage and coordinate the work activities furnished under this Contract.
- 1.16 "Governmental Authority" shall mean any federal, state, local or municipal governmental body or agency or subdivision thereof, including, but not limited to, any legislative or judicial body, having appropriate jurisdiction to exercise authority or control over Owner, its parent corporation, or any part or all of the Work to be performed under this Contract.
- 1.17 "Measure" shall mean new equipment, material, or systems installed pursuant to the Project that when installed and used at a Project Site result in a measurable and verifiable reduction in purchased electric energy consumption, measured in kWh, or peak demand, measured in kW, or both, that meet the requirements of the Contract Documents, and that, in the determination of CenterPoint Energy or the Public Utility Commission of Texas, do not fall into one of the categories listed in section 25.181(h)(1)(4) of the Texas Utilities Code.
- 1.18 "Measured Energy Savings" shall mean the Energy Savings and Demand Savings derived from the Measures installed at the Project Site as determined in accordance with the Measurement and Verification Plan found in the Final Application, set forth in Appendix A, and as documented in a Savings Report approved by CenterPoint Energy.
- 1.19 "Notice" shall mean any formal written correspondence providing notice of action, purpose, intent or the like given under the provisions of this Contract.

- 1.20 "Owner" shall mean CenterPoint Energy, Inc. (CNP), or its representatives, successors, or assigns.
- 1.21 "Peak Demand Savings" shall mean the maximum one-hour average demand reduction (in kW) that occurs when the system undergoing retrofit is operating at peak conditions during the Summer Period.
- 1.22 "Performance Period" shall mean the period following approval of the Installation Report during which measurement and verification activities take place.
- 1.23 "Personnel" shall mean Project Sponsor's employees or subcontractor employees performing Work under this Contract.
- 1.24 "Project Site" shall mean the location of a Customer's facilities where approved Measures will be installed and from which Energy Savings will be obtained. Project Sites may not include new building construction or additions to existing, buildings.
- 1.25 "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.
- 1.26 "Specifications" shall mean collectively, all technical descriptions and data referenced in the Contract, and such amendments, revisions, deductions or additions as may be made and all written agreements made or to be made, pertaining to the processes, workmanship, products and quantities and qualities of the materials to be furnished under this Contract.
- 1.27 "Subcontractor" shall mean any person, firm, partnership, association, joint venture, company, corporation or other entity, regardless of tier, engaged by Project Sponsor to provide any part of the Work under this Contract.
- 1.28 "Summer Period" shall mean weekdays, between the hours of 1:00 p.m. and 7:00 p.m., from May 1st until September 30th each year, excluding holidays.
- 1.29 "Work" shall mean any and all labor, evaluations, reports and services, including all equipment, material, duties and obligations that are the responsibility of Project Sponsor under this Contract.

2.0 CONTRACT DOCUMENTS

- 2.1 The Contract Documents consist of the Contract Signature Page, the Compensation Schedule, Separate Project Authorization Forms, (including Appendix A "Project Sponsor's Final Application"), the Scope of Work, these General Conditions for Commercial & Industrial Standard Offer, any and all other

exhibits, addenda, drawings and/or specifications, and any Contract Supplements issued subsequently.

2.2 The Contract Documents are intended to be complementary and what is set forth in any one document is as binding as if set forth in each document. In the event there are any conflicting provisions or requirements in the Contract Documents, the provisions and requirements thereof shall take the following order priority:

1. Contract Supplements
2. Separate Project Authorization Forms, including Appendix A
3. Compensation Schedule
4. Scope of Work
5. General Conditions for Commercial & Industrial Standard Offer
6. Contract Signature Page

Owner assumes no responsibility for bidding errors or omissions caused by failure of Project Sponsor or any of its Subcontractors to inspect and familiarize themselves with the complete set of Contract Documents.

3.0 EFFECT OF HEADINGS

Article headings appearing in this Contract are for convenience and reference only and shall in no way be construed to define, limit or interpret the text hereof.

4.0 APPLICABLE STATE LAW

The rights, obligations and remedies of the parties to this Contract shall be interpreted and governed in all respects by the laws of the State of Texas. Should any provision of this Contract or part thereof, or the application of any provision or part thereof, be judicially determined to be illegal or invalid or otherwise unenforceable, the validity of the remaining provisions or parts thereof and other applications of such provisions or parts thereof shall not be impaired.

5.0 NOTICES AND CORRESPONDENCE

2.0 All Notices or correspondence arising from or pertaining to the legal requirements, terms & conditions or the performance required by this Contract shall be in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following addresses:

(a) To Owner:

CenterPoint Energy, Inc.
Attn: Contract Administrator
P. O. Box 4567
Houston, TX 77210-4567

(b) To Project Sponsor: Address stated on the Contract Signature Page.

5.2 All Notices or correspondence to Owner arising from or pertaining to project administration shall in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following address:

CenterPoint Energy
Attn: Karen Gregory
1301 Travis St.
Houston, TX 77002

5.3 Either of the parties may, at any time, change its mail or delivery address by giving the other party ten (10) days prior written Notice.

5.4 The effective date of any written Notice delivered or mailed pursuant to this Contract shall be the date of receipt by the Owner or Project Sponsor, as applicable, if delivered, or the postmark date if mailed.

6.0 AUTHORIZATION TO COMMENCE WORK

Project Sponsor shall not commence Work until receipt of a signed Contract and a fully executed Project Authorization Form.

7.0 EQUAL EMPLOYMENT OPPORTUNITY

Project Sponsor represents that it is in compliance with all applicable laws, regulations and orders with respect to equal employment opportunity and either has heretofore provided or will provide to Owner the certifications and representations regarding equal employment opportunity that Owner may require under such laws, regulations and orders.

8.0 NON-WAIVER OF RIGHTS

Failure of Owner to insist upon strict performance of any of the provisions hereof, or its failure or delay in exercising any rights or remedies provided herein or by law, or Owner's Acceptance of, or use of or payment for the Work, or any part or combination thereof, or any approval of Work by Owner, or any purported oral modification or rescission of this Contract, or any part hereof, by any employee or other authorized representative of Owner shall not release Project Sponsor of any of its obligations under this Contract and shall not be deemed as a waiver of any of Owner's rights to insist upon strict performance hereof or of any of Owner's rights or remedies under this Contract or by law, and shall not operate as a waiver of any of the provisions hereof.

9.0 PROJECT SPONSOR'S REPRESENTATIONS

Project Sponsor represents that the project schedule, (as noted in the Project Authorization Form) and applicable compensation is based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of Owner. Owner assumes no responsibility for any understanding or representation made or alleged to have been made by any of its representatives, unless such understandings or representations are expressly and fully stated in this written Contract.

10.0 SAFETY AND HEALTH

- 10.1 Project Sponsor shall be solely responsible for the safety and health of its Personnel, its Subcontractors' Personnel, and other persons required in the execution of the Work.
- 10.2 Project Sponsor shall take all precautions for the safety and health of, and shall provide all protection necessary to prevent damage, injury or loss to all Personnel engaged in the Work and any other persons who may be affected thereby;

11.0 STANDARDS, CODES, LAWS AND REGULATIONS

- 11.1 Project Sponsor shall comply with all applicable laws, rules, regulations, codes and standards of all federal, state, local and municipal Governmental Authority having jurisdiction over the Work covered by this Contract.
- 11.2 *PROJECT SPONSOR SHALL, AT ITS OWN EXPENSE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS OWNER, ITS PARENT CORPORATION, SUBSIDIARIES AND AFFILIATES, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES FROM AND AGAINST ALL LIABILITY, LOSS OR DAMAGES ASSESSED AGAINST OR INCURRED BY OWNER, ITS PARENT CORPORATION, SUBSIDIARIES AND AFFILIATES, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES OR ANY OF THEM (INCLUDING ATTORNEYS' FEES AND OTHER COURT COSTS INCURRED BY ANY PARTY INDEMNIFIED HEREUNDER) OR OTHERWISE SUFFERED BY ANY PARTY INDEMNIFIED HEREUNDER AS A RESULT OF NONCOMPLIANCE BY PROJECT SPONSOR WITH THIS ARTICLE 11.0.*
- 11.3 Project Sponsor shall secure and pay for all permits, governmental fees and licenses necessary for proper execution and completion of the Work, unless otherwise specified in the Contract Documents.

12.0 INDEPENDENT CONTRACTOR AND SUBCONTRACTOR

- 12.1 Project Sponsor agrees to perform the Work as an independent contractor and not as a subcontractor, agent or employee of Owner.
- 12.2 Project Sponsor shall be fully responsible for all acts and omissions of its Personnel and its Subcontractors and Subcontractor's suppliers and their employees and shall be specifically responsible for sufficient and competent

supervision and inspection to assure compliance in every respect with Contract requirements.

- 12.3 There shall be no contractual relationship between Owner and any of Project Sponsor's subcontractors or suppliers, arising out of or by virtue of this Contract. Owner shall not be responsible for the payment of any sums to any subcontractor or supplier.
- 12.4 Project Sponsor shall include in all agreements with Vendors and Subcontractors liability limitation, suspension, termination and attorneys' fees terms at least as favorable to Owner as those set forth herein. SHOULD *PROJECT SPONSOR* FAIL TO OBTAIN SUCH LIABILITY LIMITATION, TERMINATION, SUSPENSION AND ATTORNEYS' FEES RIGHTS IN VENDOR AND SUBCONTRACTOR AGREEMENTS, *PROJECT SPONSOR* SHALL INDEMNIFY AND HOLD *OWNER* HARMLESS TO THE EXTENT THAT ANY SUBCONTRACTORS OR VENDORS ASSERT CLAIMS OR CAUSES OF ACTION FOR DAMAGES IN EXCESS OF AMOUNTS PERMITTED PURSUANT TO TERMINATION (WITH OR WITHOUT CAUSE) AND/OR SUSPENSION INCLUDING ATTORNEY'S FEES.

13.0 ASSIGNMENT AND SUBCONTRACTING

- 13.1 Neither this Contract nor the duties to be performed hereunder nor monies to become due hereunder shall be subcontracted, assigned, delegated or otherwise disposed of by Project Sponsor without prior written consent of Owner.
- 13.2 Neither permitted assignment of this Contract nor delegation of any duties hereunder shall relieve Project Sponsor of any of its obligations hereunder.
- 13.3 If this Contract should be permitted by Owner to be assigned by Project Sponsor, it shall be binding upon and shall inure to the benefit of the permitted assignee.

14.0 FORCE MAJEURE

- 14.1 Performance of this Contract by each party shall be pursued with due diligence in all requirements hereof; however, neither party shall be liable for any loss or damage for delay or for nonperformance due to causes not reasonably within its control, including but not limited to, acts of civil or military authority, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, fires, or floods. In the event of any delay resulting from such causes, the time for performance of each of the parties hereto (including the payment of monies) shall be extended for a period of time reasonably necessary to overcome the effect of such delays. No further modification to other terms and conditions of this Contract shall occur.
- 14.2 In the event of any delay or nonperformance caused by the above causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and shall indicate whether it is anticipated that any completion dates will be affected thereby.

15.0 INSPECTION, TESTING AND ACCEPTANCE

- 15.1 All Work commenced pursuant to this Contract shall be subject to inspection by the Owner. Owner's inspection expenses shall be borne by Owner, but limited to one (1) inspection and one (1) re-inspection. If a Project Site fails two (2) inspections, the cost of any subsequent inspections shall be recovered from Project Sponsor. All Project Sponsor procedures and records pertaining to the Work shall be made available to Owner for review prior to said inspections. In the event Project Sponsor employs Subcontractors for any part of the Work, Project Sponsor shall require its Subcontractors to comply with the provisions of this Article 15.0 as they pertain to rights and remedies of Owner provided herein.
- 15.2 Inspection by the Owner of any Work does not relieve Project Sponsor from any responsibility regarding defects or other failures to meet the Contract requirements.
- 15.3 Project Sponsor shall provide and maintain an inspection system acceptable to Owner covering the items required by this Contract. Records of all inspection work by Project Sponsor shall be kept complete and available to the Owner during the performance of this Contract and for such longer period as may be specified by applicable codes, laws, ordinances or statutes.
- 15.4 Any Work that is not in accordance with the Contract Documents shall not relieve Project Sponsor from correcting such Work at no additional compensation.

16.0 INDEMNITY

PROJECT SPONSOR AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD *OWNER*, ITS CORPORATE AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, FREE AND HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS OR OTHER LITIGATION (INCLUDING ALL COSTS THEREOF AND ATTORNEY'S FEES) OF EVERY KIND AND CHARACTER ARISING IN FAVOR OF *PROJECT SPONSOR* OR ANY THIRD PARTY (INCLUDING, BUT NOT LIMITED TO, PERSONNEL FURNISHED BY *PROJECT SPONSOR* OR ITS SUPPLIERS AND SUBCONTRACTORS OF ANY TIER) ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO OR LOSS OF PROPERTY IN ANY WAY OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE WORK PERFORMED OR TO BE PERFORMED BY *PROJECT SPONSOR* HEREUNDER OR OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE PRESENCE OF *PROJECT SPONSOR*, ITS PERSONNEL, AGENTS, SUPPLIERS AND SUBCONTRACTORS (AND THEIR RESPECTIVE PERSONNEL) ON THE PREMISES, ALL REGARDLESS OF WHETHER SUCH INJURY, DEATH OR DAMAGE IS CAUSED BY THE SOLE, JOINT, CONCURRENT, CONTRIBUTING OR COMPARATIVE NEGLIGENCE OR FAULT OF *OWNER*, ITS CORPORATE AFFILIATES, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS.

17.0 INSURANCE REQUIREMENTS

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

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

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

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

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

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

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

The insurance required by Paragraphs 17.1 and 17.2 shall include a Waiver of Subrogation in favor of Owner.

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

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

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

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

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

18.0 SCHEDULING AND REPORTS

Project Sponsor shall provide to Owner an Installation Report and a Savings Report and shall submit these reports as required by the Scope of Work.

19.0 TERMINATION FOR CAUSE OR CONVENIENCE

19.1 Either party shall have the right to terminate this Contract in whole or in part at any time by written Notice to the other party. Any such written Notice shall specify the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.

19.2 In the event of termination by Owner as provided herein, Owner shall compensate Project Sponsor for any and all Work approved by a Project Authorization form. Owner shall not be required to compensate Project Sponsor for expenses connected with preparation of an Initial or Final Application, or any other cost not directly approved by a Project Authorization form.

19.3 In the event of termination, those provisions of this Contract that by their nature continue beyond the Termination of this Contract shall remain in full force and effect after such termination.

19.4 The rights and remedies of Owner provided in this Article 19.0 are not exclusive and are in addition to any other rights and remedies provided under this Contract, or at law, or in equity.

20.0 COMPLETE AGREEMENT

This Contract is intended as the exclusive statement of the agreement between the parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract, and recourse shall not be had to alleged prior dealings, usage of trade, course of dealing, or course of performance to vary or contradict the express terms of this Contract. This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by duly authorized representatives of both parties with the same formality as this Contract.

Attachment 4

Supplier Diversity Policy Statement

CenterPoint Energy recognizes the importance of Minority-owned and Women-owned Business Enterprises (MWBE) to the economies of the nation, the state, and the communities it serves, as well as the corporation itself. Therefore, we are committed to pursuing business relationships with such enterprises and using innovative approaches designed to continually improve business opportunities. Our commitment is not philanthropic - the relationships we are seeking must meet the test of providing value both to CenterPoint Energy and to the minority-owned and women-owned business enterprises.

CenterPoint Energy's Supplier Diversity Objectives are to:

- Actively and routinely seek out qualified minority-owned and women-owned business enterprises that can provide competitive and high-quality commodities and services in a competitive market.
- Encourage participation and support of supplier diversity by major suppliers to CenterPoint Energy who are not minority-owned or women-owned businesses.
- Seek out opportunities to assist in the development and competitiveness of MWBEs through instruction, mentoring, and other outreach activities.

CenterPoint Energy's Suppliers Diversity Initiatives will be overseen by a Senior Management Diversity Steering Committee and directed by the Supplier Diversity Organization. All CenterPoint Energy management and employees will share in this corporate-wide commitment and responsibility by focusing on the implementation of procurement processes and procedures that will enhance opportunities.

SUPPLIER DIVERSITY PURCHASING GUIDELINES

- A. CenterPoint Energy, Incorporated (CNP) recognizes the importance of minority and women-owned business enterprises (MWBEs) to the nation's economy. CNP also recognizes that there are many advantages to maintaining competition in supplier industries, in the establishment of alternate sources, and in dealing with MWBEs. Accordingly, it is CNP's policy to encourage the development of mutually beneficial business relationships with qualified MWBEs. (See Corporate Policy Statement)
- B. CNP is committed to increasing the opportunities of MWBEs. Employees involved in the selection, evaluation or approval of vendors and contractors share the responsibility for the corporate practice stated in the policy.
- C. It is the practice of CNP to:
1. Ensure that MWBEs are aware of requirements to participate in CNP business opportunities.
 2. Identify opportunities for MWBE involvement and encourage MWBEs to qualify for and bid on CNP requirements for products and services.
 3. Provide increased opportunities for MWBEs to participate in CNP's procurement of products and services.
- D. CNP's development of the initiative for purchasing from Minority and Women-Owned Businesses is not a philanthropic activity, nor does it require the relaxation of current purchasing policies and procedures. Competitive opportunities for MWBEs must be commensurate with the merits of their offerings and their proven affiliations and/or demonstrated performance.
- E. Employees involved in the selection, evaluation or approval of bidders should solicit a copy of the bidder's MWBE policy statement and their clearly indicated approaches to MWBE compliance. Bidders MUST indicate MWBE subcontractors/suppliers that may be used in this effort.
- F. Non-MWBE suppliers must submit annually to CNP their record of MWBE purchases as related to their sales to CNP. (CNP Second-Tier Annual Reporting Form)
1. A Second-Tier MWBE Supplier is a supplier that invoices the non-MWBE supplier for goods and services rendered.
 2. CNP prefers to receive a report of Direct Second-Tier Purchases, i.e., products and services that can be identified in direct fulfillment of CNP requirements.
 3. When applicable, reporting of Indirect Second-Tier Purchases will be accepted, i.e., products and services that cannot be identified in support of specific CNP requirements.
- G. Definitions:

1. **MINORITY-OWNED BUSINESS CONCERN:** A minority-owned business enterprise is one that is at least 51% owned and controlled by individuals of African American, Hispanic, Native American, or Asian descent. The business owner must be an U.S. citizen. The business has received minority certification from a third party certifier such as the city, state, or a regional minority business council. Local Website Reference: www.hmbc.org
2. **SMALL DISADVANTAGED BUSINESS CONCERN:** A Small Disadvantaged Business Concern that has received certification as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B and is listed on the register of small disadvantaged business concerns maintained by the SBA. The official listing of eligible companies can be accessed on website: <http://pro-net.sba.gov>
3. **WOMEN OWNED SMALL BUSINESS CONCERN:** Small business concerns that are at least 51% owned by women who are U.S. citizens, who also control and operate the business. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to day management. . The business has received minority certification from a third party certifier such as the city, state, or a regional women's business council. Local Website Reference: www.hwbc-texas.org
4. **HUBZONE SMALL BUSINESS CONCERN:** HUBZone Small Business Concerns located in distressed communities in an effort to promote private sector investment and employment opportunities in these areas. A list of qualified HUBZone Small Business Concerns maintained by the SBA can be viewed by visiting the following website: www.sba.gov/hubzone. From the search database option, select the HUBZone criteria and then click on the search key.
5. **SMALL BUSINESS CONCERN:** A small business concern means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The company's SIC code determines whether annual revenues or number of employees is used to determine SBA "small business" status. Any supplier who is not sure if they are classified, as a "small business" should be referred to the following websites: www.sba.gov/regulations/siccodes and www.sba.gov/regulations/121. They may also contact the SBA Office of Size Standards at (202) 205-6618.