

CenterPoint Energy 2007 C&I Standard Offer Program Program Description

This document describes the CenterPoint Energy 2007 Commercial and Industrial (C&I) Standard Offer Program. It includes information about the program eligibility requirements, incentive payments, and the participation process. Much of the information included in this Program Manual is also available on the program Web site at www.centerpointcisop.com

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General Program Guidelines

Introduction

The 2007 Commercial and Industrial (C&I) Standard Offer Program was developed by CenterPoint Energy to provide incentives for the installation of a wide range of measures that reduce summer peak demand and save energy in non-residential facilities. Incentives are paid on the basis of deemed savings or verified demand and energy savings that occur at CenterPoint Energy commercial and industrial customers' facilities. This program has been developed to comply with Texas' energy efficiency goals.

Participants in the 2007 C&I Standard Offer Program must meet minimum eligibility criteria, comply with all program rules and procedures, submit documentation describing their projects, and enter into a Standard Agreement with CenterPoint Energy.

Chapter 1 provides a general introduction to the C&I Standard Offer Program, including an overview of program features and guidelines, and background information. Chapter 2 provides more detail on the program process, and project savings measurement and verification (M&V) requirements. All program information, including application materials, will be available on the World Wide Web at the C&I Program Web site, www.centerpointcisop.com. Applicants can begin filling out applications for proposed projects starting **October 6, 2006 at 10:30 A.M. CDT** until **October 19, 2007 at midnight CDT**. The final project "submit" day is **October 20, 2006 at 10:30 am CDT**.

Background

In 1999, the Texas Legislature passed Senate Bill 7 (SB7), which restructures the state's electric utility industry. The bill requires each investor-owned electric utility to reduce Texas customers' energy consumption by a minimum of 10% of the utility's annual growth in demand each year. Utilities must achieve this goal through standard offer programs or limited target market transformation programs that will result in reduced energy consumption.

In March of 2000, the Public Utilities Commission of Texas (PUCT) passed Substantive Rule §25.181, which implements the energy efficiency goal of SB7. Interested parties, the state's investor-owned utilities, and PUCT staff then developed templates for energy efficiency programs that were adopted and are offered and administered throughout Texas by the investor-owned utilities. Some or all of these programs will be available to customers in each of the investor-owned electric utility service territories in 2007.

Program Goals

While the main goal of the program is to reduce summer peak demand at CenterPoint Energy distribution customer sites and reach the demand reduction goals established by SB7, there are secondary program goals that are reflected in the program rules and procedures, including:

- Encourage private sector delivery of energy efficiency products and services.
- Encourage customer energy and bill savings.
- Stimulate investment in efficient technologies most likely to reduce CenterPoint Energy's peak capacity requirements during summer of 2007 and beyond.
- Create a simple and streamlined program process, to stimulate strong program participation from energy service providers.
- Minimize the burden of M&V requirements associated with standard offer programs by offering deemed or simple savings calculations for many measures.

Eligibility

Project Sponsor

Any entity that installs eligible energy efficiency measures at a facility with non-residential electricity distribution service provided by CenterPoint Energy is eligible to participate in the 2007 C&I Standard Offer Program as a Project Sponsor. Eligible Project Sponsors may include:

- National or local energy service companies (ESCOs).
- Local contractors.
- National or local companies that provide energy-related services or products (such as lighting or HVAC equipment).
- Commercial property developers.
- Design/build firms.
- Architectural and engineering firms.
- Individual customers who install measures in their own facilities.

To ensure that the program's incentive budget is allocated to projects that are likely to meet with success, all Project Sponsors will be required to demonstrate a commitment to fulfilling program objectives and competency in completing projects. Project Sponsors will be required to submit the following information as part of the program process:

- A description of the Project Sponsor firm, including relevant experience, areas of expertise and references.
- Proof of applicable insurance, licenses, and permits¹.
- Evidence of good credit¹.
- A work plan that covers the design, implementation, operation, and management of the project.
- A refundable application deposit.

CenterPoint Energy will also consider a Project Sponsor's performance in past or current CenterPoint Energy energy efficiency programs. A poor performance history may jeopardize a project sponsor's acceptance for participation in the 2007 C&I Standard Offer Program.

Host Customer

Any commercial and industrial CenterPoint Energy distribution customer who owns or operates a single site with a total maximum peak demand of more than 100 kW or multiple sites with a combined maximum peak demand greater than 250 kW may host a project developed by a qualified Project Sponsor or choose to sponsor a project independently. The host customer's responsibilities include:

- Committing to an energy-efficiency project by providing a **notarized** letter of intent to work with the Project Sponsor¹. **A notarized letter of intent must be submitted with each application.**
- Entering into an agreement with the selected Project Sponsor¹.
- Providing reasonable access to project facilities for inspection both before and after project completion.

Project

A project is defined as a set of proposed or installed measures at an eligible site or combination of sites. All projects must meet the following requirements:

- Each project of one or more sites must provide a total estimated summer peak demand reduction of **at least 20 kW**. This limitation is included to ensure that projects contribute to the primary program goal of reducing summer peak demand and to minimize the administrative costs associated with smaller projects.
- If the measures and sites proposed are all similar, one project may involve the installation of measures at multiple customer sites. For example, installation of measures

¹ Not required of customers who install measures in their own facilities.

at a chain of department stores may include more than one customer site, but may constitute a single project. These sites would share a common M&V plan. All sites and measures must be installed before the first payment will be made. There are advantages and disadvantages to bundling project sites in this manner. Contact the program administrator for more information.

- For projects with incentives paid on the basis of verified demand and energy savings, peak demand savings must be measured within the summer peak demand period. M&V of energy savings may continue for up to 12 months and carry into the following year.
- Comprehensive projects that include a range of measure types are encouraged.
- New construction projects must demonstrate compliance with the current requirements for energy efficiency mandated by Senate Bill 5 (SB5), and passed by the Texas Legislature in September 2001. SB5 establishes the International Energy Conservation Code (IECC) and by reference ASHRAE/IESNA Standard 90.1-1999, as the energy code for all buildings except low-rise residential buildings. Projects using the Energy Cost Budget Method to demonstrate code compliance will be considered for program participation on a case-by-case basis.

Measure

Most energy-efficiency measures in retrofit or new construction applications that reduce electric energy consumption and summer daytime peak demand are eligible for the C&I Standard Offer Program. CenterPoint Energy does not specify eligible measures in order to provide Project Sponsors flexibility in packaging services. Therefore, Project Sponsors may propose the inclusion of any measure in their project that meets the following requirements:

- Measure may produce a measurable and verifiable electric demand reduction during the peak summer period or may reduce electricity consumption, or may produce both peak demand and energy savings.
- Measure must produce savings through an increase in energy efficiency or a substitution of another energy source for electricity supplied through the transmission and distribution grid. See Section III, Chapter 3 for guidance in determining savings for fuel substitution projects.
- Measure must have a minimum useful life of 10 years.
- Measure must exceed minimum equipment standards as established in the Program Manual. (Located in manual Appendices)

The following measures are *excluded* from consideration in the program:

- Measures that involve plug loads, e.g. office equipment.
- Measures that involve self-generation or cogeneration, except for renewable technologies.
- Measures that rely on changes in customer behavior and require no capital investment.
- Measures that achieve savings through equipment maintenance, recommissioning or operational changes, without an equipment efficiency upgrade.

- Measures that result in negative environmental or health effects.
- Measures that involve fuel-switching to electric.
- Measures that receive an incentive through any other energy efficiency program offered by CenterPoint Energy.

In general, project incentives will be paid only for energy and demand savings directly related to end-use equipment installed as part of the project. Measures that generate savings from interactive effects between end-use equipment will be considered on a case-by-case basis. The exception is that savings due to interactive effects between lighting and space-cooling measures, are be eligible for payment based on a stipulated value in cases where lighting measures have been installed in cooled space as part of the project.

Table 1 provides examples of eligible and ineligible measures. CenterPoint Energy will consider any measures that are not listed in Table 1 for program eligibility on a case-by-case basis.

Table 1: Examples of Eligible and Ineligible Measures and Projects

Eligible Measures or Projects	Ineligible Measures or Projects
<p><u>Commercial Cooling and Ventilation</u></p> <ul style="list-style-type: none"> ▪ Chiller replacement ▪ Packaged cooling unit replacement ▪ Constant air to variable air-side conversions (if included with other measures) ▪ Fan and pump motor efficiency upgrades ▪ Fan and pump variable speed drive (VSD) installations (If included with other measures) <p><u>Commercial/Industrial Lighting</u></p> <ul style="list-style-type: none"> ▪ High-efficiency fluorescent lighting that replaces less efficient lighting ▪ Lighting controls to reduce operating hours (if included with other measures) ▪ CFLs with hard-wired ballasts or permanent socket conversions <p><u>Refrigeration</u></p> <ul style="list-style-type: none"> ▪ Air cooling and refrigeration compressor replacement ▪ Refrigerated case doors <p><u>Industrial Process</u></p> <ul style="list-style-type: none"> ▪ Variable speed drive installations on industrial fans and pumps (if included with other measures) ▪ Motor-efficiency upgrades 	<ul style="list-style-type: none"> ▪ Measures with an expected life of less than 10 years ▪ Stand alone controls or VSD projects ▪ Screw-in CFL's with no socket conversion ▪ Cogeneration and self-generation projects, except renewable technologies ▪ Electric equipment with decoupled self-generation ▪ Fuel switching to electric ▪ Load reductions caused by building vacancies, decreased production, or other changes in occupant characteristics or behavior ▪ Measures that decrease building plug loads, such as computer inactivity time-out controls ▪ Load shifting

Efficiency Standards

The C&I Standard Offer Program is designed to encourage electric energy-efficiency improvements that go above and beyond the efficiency gains typically achieved in retrofit or replacement projects. Consequently, energy and demand savings credit will be based only on reductions that exceed current industry accepted minimum efficiency standards, if such standards apply. In cases where standards do not exist, savings credit will be based on improvements relative to a customer's energy use prior to participating in the program. Table 2 lists the federal and state equipment efficiency standards to be used to determine the baseline.

Table 2. Baseline equipment efficiency standards

Equipment Type	Applicable Baseline Standard
Cooling Equipment	ASHRAE 90.1-1989 (baseline for retrofit) ASHRAE 90.1-1999 (baseline for new construction)
Lighting	Table of Standard Fixture Wattages (based on 1992 EPACK)
Motors	ASHRAE 90.1m-1995

For new construction projects, the C&I Standard Offer Program require the installation of equipment that is more efficient than is specified by code. The applicable baseline standard for all new construction measures is ASHRAE/IESNA Standard 90.1-1999. Energy and demand savings for new construction measures are based on efficiency improvements beyond the minimum efficiency required by code.

Incentives

Available Budgets

CenterPoint Energy has an incentive budget for the C&I Standard Offer Program each calendar year. The yearly incentive budget as well as updates on available funding will be published on the program Web site at www.CenterPointCISOP.com.

Prices

CenterPoint Energy's C&I Standard Offer Program provide standard incentive prices for demand and energy savings of \$175/kW and \$0.06/kWh. Demand savings will be calculated as the maximum, one-hour average demand reduction that occurs when the newly installed system is operating at peak conditions during the summer period. The summer period is defined as weekdays, between the hours of 1 P.M. and 7 P.M. from May 1 until September 30, excluding holidays. Energy savings are defined as energy savings over the course of one 12-month period.

Energy and demand savings eligible for incentives must be either calculated using pre-approved deemed (stipulated) savings, simplified M&V procedures, or a detailed measurement and verification plan. Please refer to Section III of the Program Manual for M&V guidelines for retrofit projects. Section IV of the Program Manual contains M&V guidelines for new construction projects. The program Web site also offers information about the M&V procedures used to determine energy and peak demand savings for this program.

Incentive Limitations

Maximum Sponsor Incentives

To ensure that incentives are available to multiple energy efficiency service providers, no Project Sponsor, or combination of affiliated Project Sponsors, may reserve or receive more than 20% of the total C&I Standard Offer Program incentive budget in a given budget year.

An individual Project Sponsor may be party to multiple applications as long as the total incentive from all such applications does not exceed the 20% limit.

Project load factor

To limit payments for excessive off-peak energy savings, CenterPoint Energy has set the maximum incentive payment for each project based upon a project maximum load factor of 100%. This corresponds to payment for a maximum of 8,760 kWh of energy savings per 1 kW of demand savings achieved.

Payments

CenterPoint Energy will pay the Project Sponsors in two installments: the Installation Payment and the Performance Payment. After each project is installed and approved by CenterPoint Energy, the Project Sponsor will receive an initial payment of 40% of the total estimated project incentive payment. This initial "Installation Payment" will be calculated as follows:

Equation 1:

$$\text{Installation Payment (\$)} = 40\% * [(\text{Estimated peak kW savings} * \$175) + (\text{Estimated annual kWh savings} * \$0.06)]$$

For projects using only deemed savings, requiring no M&V activities beyond installation, the Project Sponsor is eligible to receive 100% of the project incentive payment after the project is installed and approved by CenterPoint Energy. For all other projects, M&V activities must be completed, documented, and accepted before the Project Sponsor will receive the remaining incentive payment, based on the one-year verified savings. This "Performance Payment" may be up to 60% of the total estimated incentive payment, and will be calculated as follows:

Equation 2:

$$\text{Performance Payment (\$)} = [(\text{Verified peak kW savings} * \$175) + (\text{Verified annual kWh savings} * \$0.06)] - \text{Installation Payment}$$

Maximum incentive payment

Under no circumstances will CenterPoint Energy make a total incentive payment (i.e., the sum of the Installation Payment and the Performance Payment) that is more than 100% of the total estimated incentive payment specified in the Project Authorization, regardless of measured savings achieved. If, however, M&V activities indicate that the measured savings are less than the estimated savings, the total incentive payment will be less than the payment estimated in the Project Authorization.

Equation 3:

$$\text{Performance Payment (\$)} + \text{Installation Payment (\$)} \leq 100\% \text{ of Project Authorization Limit (\$)}$$

Deposits

Application deposits are equal to 5% of approved Initial Application (IA) incentive estimates and must be submitted within thirty days of IA approval. A project deposit is refunded in full for projects that meet 75% of their contracted incentive goal. Application deposits are discussed further in Chapter 2: Participation Process.

Special Incentive Cases

Projects involving lighting and/or fuel switching measures require special consideration when calculating incentives.

Lighting Measures

The C&I Standard Offer Program encourages comprehensive energy efficiency retrofits. Therefore, no more than 65% of energy and demand savings may be derived from lighting measures, including lighting efficiency, lighting controls, and lighting interactive savings.

In cases where lighting measures provide more than 65% of a project’s demand and energy savings, the lighting measures will receive incentives up to a *maximum* of 65% of the total project incentive. When a project consists of lighting measures only, the Project Sponsor will receive incentives for only 65% of the demand and energy savings.

To determine the correct lighting incentive amount, the Project Sponsor would choose and apply Equations 4, 5, or 6 below.

Equation 4: For projects with lighting savings less than 65% of the total project savings

$\text{Total Project Incentive (\$)} = \quad [(\text{Total kW savings} * \$175) + (\text{Total kWh savings} * \$0.06)]$

Equation 5: For projects with lighting savings greater than 65%, but less than 100% of the total project savings

$\text{Total Project Incentive (\$)} = \quad \{[(1.65 * \text{Total kW savings}) - \text{Lighting kW savings}] * \$175\} + \{[(1.65 * \text{Total kWh savings}) - \text{Lighting kWh savings}] * \$0.06\}$
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Equation 6: For lighting only projects

$\text{Total Project Incentive (\$)} = \quad 0.65 * [(\text{Total kW savings} * \$175) + (\text{Total kWh savings} * \$0.06)]$
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Fuel Switching Measures

Projects involving fuel switching (i.e., electric chillers to gas or absorption chillers) are eligible for the program, provided the project results in overall lower energy costs, lower energy consumption, and the installation of high-efficiency equipment. Incentive payments will be based on the electric demand savings and energy savings of the project, adjusted by the amount of new fuel consumption. Refer to the M&V Guidelines, Section III, Chapter 3,

to determine how to calculate fuel switching demand and energy savings. For all fuel switching projects, it will be the responsibility of the Project Sponsor to establish the baselines, which must be approved by CenterPoint Energy, and will be considered on a case by case basis.

As mentioned before, fuel switching to electric is not an eligible retrofit measure.

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Participation Process

Overview

This chapter provides information on participating in the CenterPoint Energy 2007 C&I Standard Offer Program including the program process, required submittals, milestones, and deposits. Participants may submit applications on **October 20, 2006 at 10:30 A.M. CDT** on a first-come, first-served basis. CenterPoint Energy will continue to accept applications for the program until all funds have been committed. After this time, submitted applications will be placed on a waiting list. Projects on a waiting list will not automatically be carried over into the next program year.

Phases of Participation

Participation in the C&I Standard Offer Program involves seven basic phases:

1. Register as a Project Sponsor with CenterPoint Energy and set up a user account for the on-line application system, EnerTrek.
2. Submit an Initial Application (IA) with a Letter of Intent in order for CenterPoint Energy to screen the potential project for eligibility and tentatively reserve incentive funding.
3. Enter into a Standard Agreement with CenterPoint Energy and submit the deposit and notarized Letter of Intent. The notarized Letter of Intent will be required to submit an application.
4. Prepare and submit a Final Application (FA).
5. Sign a Project Authorization for each approved project.
6. Install the project and submit an Installation Report (IR) to receive an initial incentive payment.
7. Conduct measurement and verification (M&V) activities and submit a Savings Report (SR) in order to receive the final energy and demand savings incentive payment.

A discussion of the requirements of each phase can be found below. Figure 1 shows a graphical representation of the process.

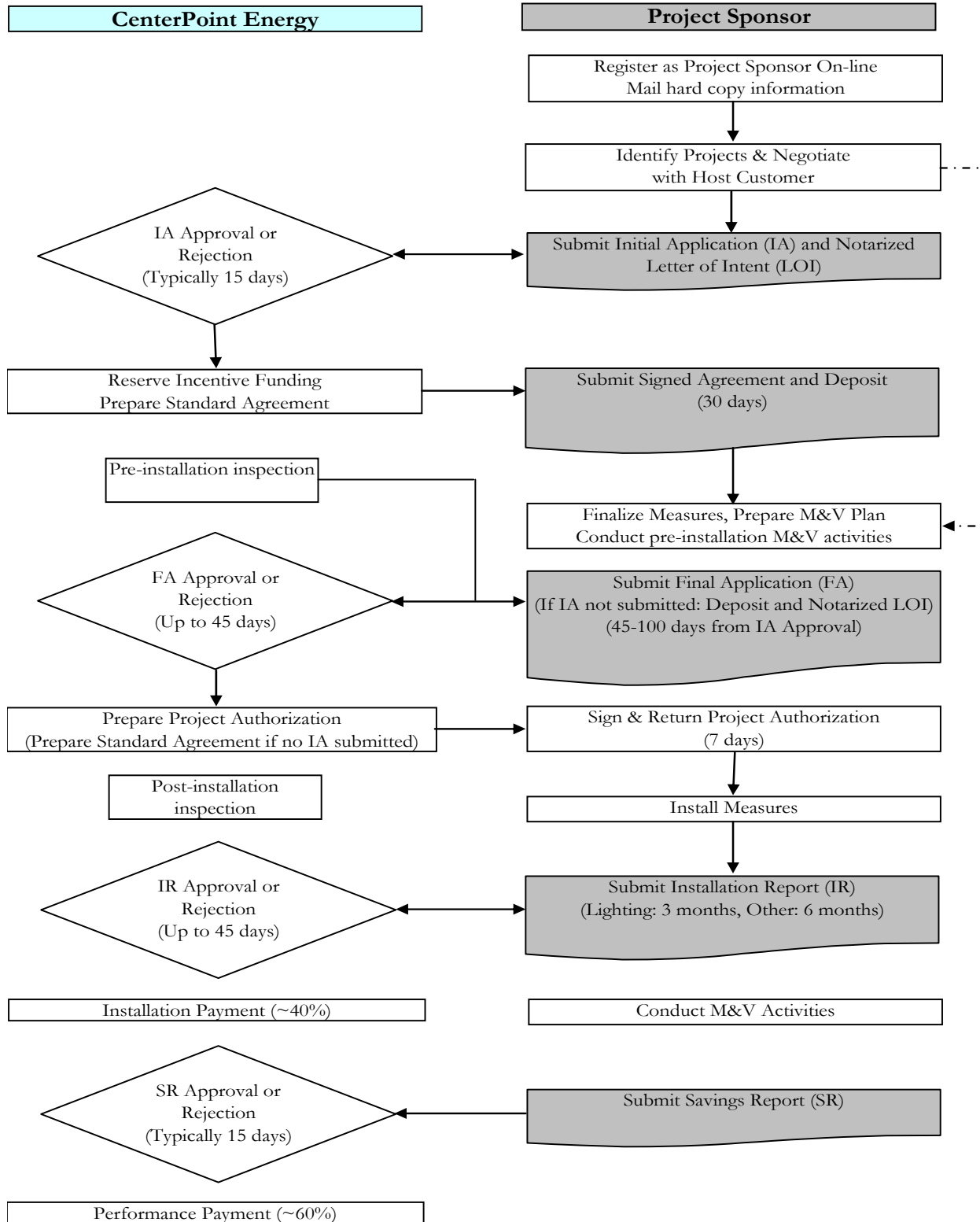


Figure 1. 2007 C&I Program Process Diagram (*all days are calendar days)

Project Sponsor Registration

Project Sponsors must register with CenterPoint Energy to gain access to the on-line application system, EnerTrek. Project Sponsors may go on-line to register at any time. The User Guide for the on-line application system, EnerTrek, can be found in Section II of this Program Manual.

For the on-line registration process, be prepared to provide the following information:

- Project Sponsor Company,
- Project Sponsor Company's Federal Tax ID,
- Project Sponsor Company's Parent Company (if applicable),
- Project Sponsor Company's Parent Company Federal Tax ID (if applicable),
- The Designated Primary Contact for the Project Sponsor Company,
- The Designated Primary Contact's Information (Address, Phone, Fax, e-mail), and
- A Phone Number for the Project Sponsor Company (if different from Primary Contact).
- Description of the Project Sponsor firm, including relevant experience, areas of expertise, and total number of employees. Description may include references, customer affidavits, or other evidence of Project Sponsor's competency from previous projects.
- Descriptions and references for at least three comparable projects, including information about the year the projects were undertaken, the services provided, and the estimated and actual performance of the energy-efficiency equipment.
- Evidence that the Project Sponsor possesses all applicable licenses² (Hard Copy should also be provided).
- Evidence that the Project Sponsor possesses all required insurance (Hard Copy should also be provided).
- Evidence of Project Sponsor's good credit (Hard Copy should also be provided).
- Disclosure of any legal judgments entered against the Project Sponsor in the previous two years, as well as a current list of pending litigation filed by or against the Project Sponsor.

After completing the on-line portion of the registration process, the required "hard copy" information must be submitted to the C&I Program Administrator within ten days of the on-line registration in order to qualify to receive program incentives.

Initial Application

To assess projects for eligibility and to tentatively reserve incentive funding for the project, Project Sponsors must submit an Initial Application (IA) using EnerTrek. The Initial Application requests the following information:

² Not required of customers who install measures in their own facilities.

- Identification of the host CenterPoint Energy customer site(s). The 22 digit customer ESI ID should be included to verify service territory. CenterPoint Energy's ESI ID will be 100890xxxxxxxxxxxxxxxx. (Must input full 22 digit number)
- Description of the proposed set of energy-efficiency measures.
- Estimated demand and/or energy savings for each proposed measure and associated incentives requested.
- Brief work plan for project design, M&V approach, implementation, operation, and management, including the anticipated project timeline.

Initial Applications will be reviewed on a first-come, first-served basis until all incentive funding has been committed. CenterPoint Energy will review the IA and notify the project sponsor of the review results. A typical review cycle for Initial Applications is 15 calendar days. (Projects submitted on the initial offering day may take longer due to the volume of applications.) Once the Initial Application has been reviewed and approved, CenterPoint Energy will prepare and send an IA review letter to the Sponsor to notify them of their project review results and reserved incentive amount.

Deposit and Letter of Intent

Along with the IA review letter, the Project Sponsor will receive an invoice for a deposit equal to 5% of the reserved incentive. The deposit shall be in the form of a check or money order originating from the Project Sponsor. The deposit is refundable upon approval of the Savings Report, provided the project achieves a minimum percentage of the contracted savings. The Project Sponsor will have 30 days to submit the 5% deposit in order to retain reserved funding³.

A notarized Letter of Intent is required with the application. An example letter of intent is available on the program Web site and in Section A of this manual Appendices section.

Standard Agreement

The Standard Agreement is a general terms and conditions contract between the Project Sponsor and CenterPoint Energy and is not project-specific. Project-specific attachments will be added during the Final Application phase. Project Sponsors are required to sign a Standard Agreement with CenterPoint Energy before proceeding with project development. The terms of the contract will be standard for all Project Sponsors and are not negotiable. An example Standard Agreement can be found in Section A of this manual Appendices section.

The Standard Agreement is prepared and executed only after the first IA submitted by the Sponsor and approved by CenterPoint Energy. For all subsequent projects, CenterPoint Energy will send an IA review letter and deposit invoice only and a Project Sponsor has 30 days to submit the deposit and the letter of intent.

After a Standard Agreement is executed, and the deposit and notarized letter of intent are submitted, the Project Sponsor may move on to a more detailed refinement of the project. This information will be submitted in the Final Application phase. The Final Application

³ A notarized customer letter of intent is not required of customers installing measures in their own facilities.

must be submitted within 45 days of IA approval for lighting projects and 100 days for all other projects, in order to retain reserved funding.

Final Application

Project Sponsors must complete a Final Application (FA) using EnerTrek to participate in the 2007 Commercial and Industrial Standard Offer Program. This application provides a more detailed description of the project including more precise descriptions of the projects energy efficiency measures, customer sites, estimated demand and energy savings, and estimated incentive payments based on a detailed engineering study and site audit. This application will typically include the following information, submitted by the Project Sponsor:

- Identification of the host customer site(s) and the CenterPoint Energy ESI ID.
- The existing and proposed equipment inventories, including equipment counts, equipment efficiencies, and equipment nameplate data. Program equipment survey forms have been provided as standard templates to be used to complete the Final Application and can be downloaded from the website. Examples of the inventory forms and a brief explanation of each from can be found in Section A of this manual appendices section.
- Building occupancy and equipment operating schedules.
- Engineering calculations estimating energy and demand savings based on the efficiency of the proposed equipment compared to that of new, minimum-standard efficiency equipment.
- A proposed project-specific M&V plan describing how the Project Sponsor will measure and verify energy and demand savings, the methods for calculating actual savings, and a schedule for conducting and reporting on M&V activities is required, submitted as a separate document. In some cases, pre-installation M&V activities may be required to accurately estimate savings. In general, it is recommended that the Project Sponsor use the M&V guidelines described in Section III or IV, however the Sponsor may choose to develop an alternative approach. The alternative approach must be described in detail. In either case, the M&V plan must be approved by CenterPoint Energy before the Final Application can be approved. If a Sponsor chooses the Deemed Savings method, an M&V plan is not required.
- Updated work plan for project design, implementation, operation, and management, including the anticipated project timeline.
- Additionally, the Agreement between the Project Sponsor and Customer, signed by both parties, must be submitted as part of the Final Application. The Agreement template can be downloaded from the website and an example can be found in Section A of this manual appendices section.

CenterPoint Energy will review the eligibility of the proposed measures, the accuracy of the savings estimates, and the comprehensiveness of the M&V plan. CenterPoint Energy may request clarification of or additional information about any item in the application. Project Sponsors will have ten working days to respond to such requests. If the clarification or

additional information is not forthcoming, CenterPoint Energy may choose to discontinue its evaluation of the application.

Upon FA approval, CenterPoint Energy will reserve the appropriate amount of incentive funds for the project and prepare a Project Authorization. Incentive estimates in the Final Application may exceed the amount reserved during the Initial Application phase only when there is remaining program budget and no projects have been placed on a waitlist for program participation.

A typical review cycle, including the inspection, for Final Applications is 25 days for measures eligible to use deemed savings for establishing project savings, and 45 days for measures requiring full-scale M&V methods.

Pre-Installation Inspection

As part of the Final Application review process, CenterPoint Energy will conduct a pre-installation inspection of the project site at its discretion to verify the baseline conditions documented in the FA. CenterPoint Energy will contact the Project Sponsor and complete the inspection after receipt of a complete Final Application. The pre-installation inspection requires the presence of at least one representative of the Project Sponsor who is familiar with the project and the facility so that all parties can identify any discrepancies. The inspection will verify the following information:

- Equipment survey accuracy. For most measures, the inspector verifies the accuracy of the baseline equipment quantity and nameplate information. For lighting measures, a statistically significant sample size will be selected for the inspection. Variables used in determining the sample include a Sponsor confidence factor, number of sites in the project, and line item values submitted on the survey. The requirement for acceptance is that the total error of the installed demand of the sample must be within $\pm 5\%$ of the total demand submitted on the survey form.
- M&V plan appropriateness for the measure, and performance of any necessary M&V activities.
- All existing equipment listed in the Final Application is still in place and operational.
- New equipment installation, or preparation for installation, has not begun.

If electrical measurements are necessary, the Project Sponsor is required to perform any disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. If the inspection cannot be completed in a timely manner because the representative(s) is unfamiliar with the facility or project, the project site will fail the inspection. If a project site fails two inspections, the Project Sponsor must pay the cost incurred by CenterPoint Energy for any subsequent inspections.

If the proposed equipment has been installed before the pre-installation inspection, and the baseline conditions cannot be verified, the Final Application will be rejected.

Project Authorization

Once the Final Application has been approved, the customer shall receive a Project Authorization. The Project Authorization defines the specifics of the project, including measures to be installed, project installation schedule, and estimated incentive amount based upon the approved Final Application savings estimates.

The Project Authorization and the approved FA become attachments to the Standard Agreement. The Project Sponsor and CenterPoint Energy must sign the Project Authorization before project construction may begin. An example of the Project Authorization can be found in Section A of this manual appendices section.

Installation Report

Upon project installation, Project Sponsors must submit an Installation Report (IR) using EnerTrek. The project must be installed, and the IR must be submitted within three (3) months of FA approval for lighting-only projects and six (6) months for all other projects, unless a different construction schedule has been submitted by the Project Sponsor and approved by CenterPoint Energy. Project Sponsors should plan to submit Installation Reports for all projects no later than December 1, 2007. The IR updates any information proposed in the Final Application that has now been finalized after completion of the project. The IR typically includes the following information:

- A customer certification form indicating that the project was installed. This form can be downloaded from the website, and an example can be found in Section A of this manual appendices section.
- Updated equipment survey forms must be submitted to reflect the removed and/or actual installed equipment inventories, including equipment counts, equipment efficiencies, and equipment nameplate data if it differs from the information submitted with the Final Application. If there were no changes the Project Sponsor may refer to the forms submitted with the Final Application.
- Updates to building occupancy and equipment operating schedules to reflect changes if they differ from the information provided with the Final Application.
- Updated engineering calculations estimating energy and demand savings based on the efficiency of the actual installed equipment compared to that of new, minimum-standard efficiency equipment if it differs from the information provided with the Final Application.
- A final project-specific M&V plan describing how the Project Sponsor will measure and verify energy and demand savings, the methods for calculating actual savings, and a schedule for conducting and reporting on M&V activities.

Post-Installation Inspection

CenterPoint Energy will conduct a post-installation inspection of the project site within 30 days of the receipt of a complete IR. The post-installation inspection requires the presence of at least one representative of the Project Sponsor who is familiar with the project and the facility. The inspection shall verify that:

- The equipment specified in the IR has been installed and is operating as described. For most measures, the inspector verifies the accuracy of the equipment quantity and nameplate information. For lighting measures the inspection sample is determined using the same concept as the pre-inspection methodology and the requirement for acceptance is that the total error of the installed demand of the sample must be within $\pm 5\%$ of the total demand submitted on the survey form.

- The Project Sponsor is conducting the M&V activities in accordance with the approved M&V Plan.

If electrical measurements are necessary, the Project Sponsor is required to perform any disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. If the inspection cannot be completed in a timely manner because the representative(s) is unfamiliar with the facility or project, the project site will fail the inspection. If a project site fails two inspections, the Project Sponsor must pay the cost incurred by CenterPoint Energy for any subsequent inspections.

A typical review cycle for Installation Reports, including the inspection, is 45 days. Upon IR approval, the Project Sponsor will receive notice from CenterPoint Energy that the Installation Payment will be processed. This payment is 40% of the incentive estimate approved in the IR.

Measurement and Verification

M&V procedures will vary in detail and rigor depending on the measures installed. For each installed measure, the chosen procedures will depend upon the predictability of equipment operation, the availability of evaluation data from previous programs, and the benefits of the chosen M&V approach relative to its cost.

Project-specific M&V procedures may be classified according to three distinct approaches that represent increasing levels of detail and rigor.

- **Deemed savings:** Savings values are stipulated based on engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, without on-site testing or metering. This approach is designed for use with lighting efficiency and controls projects, window film applications, cool roof installations, and most cooling equipment projects.
- **Simplified M&V:** Savings values are based on engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, with some short-term testing or simple long-term metering. For example, energy and demand savings from high-efficiency constant load motor installations can be determined using the simplified approach by comparing rated efficiencies of high-efficiency equipment to standard equipment, and using kW spot-metering and simple long-term kWh metering.
- **Full M&V:** Savings are estimated using a more detailed method than in the deemed savings or simplified M&V approaches through the application of metering, billing analysis, or computer simulation. These methods will need to be developed in accordance with the 2001 International Performance Measurement and Verification Protocol (IPMVP), which represents the starting point for standard industry practice. Project Sponsors will need to adapt the guidelines set forth in the IPMVP to their specific projects when developing the M&V plan required for program participation.

The time required to complete M&V activities will range from less than a month up to 12 months, depending on the approach chosen.

M&V plans are not required for projects that use deemed savings for estimating all peak demand and energy savings. By choosing deemed savings, Project Sponsors agree to follow

the procedures set-forth in this Program Manual to determine project savings. For all other projects, a detailed savings estimate and a viable M&V plan must be submitted in order for an incentive to be paid. Project Sponsors are responsible for conducting all M&V activities for the project; however, CenterPoint Energy will work with the Project Sponsor to facilitate M&V planning as necessary.

Savings Report

After all M&V activities are complete, the Project Sponsor will submit a Savings Report (SR) documenting the project’s measured demand and energy savings using EnerTrek. For projects using only deemed savings, the Project Sponsor may submit the Savings Report at the same time as the Installation Report. Upon approval of the Savings Report, the Project Sponsor will be notified by CenterPoint Energy that the final payment will be processed. After the Savings Report is approved, the application deposit shall be refunded. The amount of the refund is based on the percentage of the estimated incentive payment, specified in the Project Authorization, actually received by the Project Sponsor. The following table is used to determine the amount of the refund.

Table 3. Application Deposit Refund

Percent of Estimated Incentive Payment Received	Percent of Deposit Refunded
75%+	100%
50%-74.9%	50%
0%-49.9%	0%

Other Information

Correspondence and Submittals

Project Sponsors will submit most project information to CenterPoint Energy using EnerTrek, the Web-based project application system. Some required submittals, including the notarized letter of intent and the signed Host Customer Agreement must be sent to CenterPoint Energy in hard copy only. CenterPoint Energy must receive required hard copy project files within five (5) business days of receipt of the on-line submittal. Questions or comments about the program may also be submitted by e-mail. Table 4 summarizes the addresses for application submittals and correspondence.

Table 4: Addresses for electronic and hard copy submittals and correspondence

Submittal type	Mechanism	Address or location
Program Related Questions or Comments	e-mail	submit@CenterPointEfficiency.com
On-line System Related Questions or Comments	e-mail	pkeegan@frontierassoc.com jchien@frontierassoc.com
Initial Application, Final Application, Installation Report, Savings Report	EnerTrek	http://www.centerpointcisop.com/CenterPoint2007CnI/login.asp
Supplemental electronic submittals (including calculation forms, inventory forms, raw data)	EnerTrek	www.centerpointcisop.com/CenterPoint2007CnI/login.asp
Hard Copies (excluding lengthy support documents) or letter correspondence	U.S. Mail or ground courier	David Dziarski CenterPoint Energy 1301 Travis St, Suite 1635 Houston, TX 77002

Confidentiality

CenterPoint Energy's C&I Standard Offer Program is subject to oversight by the Public Utility Commission of Texas (PUCT), which may request a copy of any program materials that CenterPoint Energy receives. Sensitive company and project information submitted by the Project Sponsor to CenterPoint Energy, such as financial statements, will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. CenterPoint Energy will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

CenterPoint Energy plans to list the participating Project Sponsors on its program Web site. The information to be listed on the Web site will include the Project Sponsor's company name, address, and telephone number. If your company participates in the 2007 C&I Standard Offer Program, this information will appear on CenterPoint Energy's energy efficiency Web site at www.CenterPointCISOP.com.

Participation Costs

CenterPoint Energy will not reimburse any Project Sponsor for any costs incurred by participating in the C&I Standard Offer Program, including costs of reviewing the Standard Agreement or preparing the Final Application. The application deposit shall be refunded upon approval of the Savings Report and shall be prorated based on the performance of the project. CenterPoint Energy will retain the application deposit in the event that a project is not completed.

Submission of False Information

CenterPoint Energy reserves the right to discontinue its evaluation of all submittals from any Project Sponsor who submits false, misleading, or incorrect information.

Internet Sites

The C&I Standard Offer Program Web site at www.CenterPointCISOP.com will serve as the primary source for all updated program information and materials. The Web site will include:

- Information that describes the program process and requirements.
- Status updates on program funding available and committed.
- Downloadable program manual and M&V guidelines.
- A link to the 2007 on-line project application system, EnerTrek.