



**2017 Customized
Commercial Market
Transformation Program**

Procedures Manual

Version 2017.1

January 2017

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1. Executive Summary

On January 2, 2017 at 12 noon Central time, Sharyland Utilities, L.P. (Sharyland) begins its Customized Commercial Market Transformation Program (Commercial MTP) for program year 2017. This program will pay incentives to Sharyland's commercial and industrial customers for a wide variety of projects that improve their energy efficiency. The program is designed to provide assistance to customers free-of-charge as they consider the energy efficiency solutions that will best meet their needs. To facilitate this, the administrator of Sharyland's Commercial MTP, Frontier Associates (Frontier), is available to consult with customers and offer insight on how customers might maximize their energy savings, including through standardized rebates for certain installations. This free service is available to customers of any size that are considering measures of any magnitude. Frontier will administer the Commercial MTP in a market based, non-discriminatory manner.

This manual outlines all aspects of the program in detail, including: participation requirements, eligibility, project requirements, incentives, application process, implementation process, performance periods, and specifics. The highlights and important dates and funding values of the Commercial MTP projects are discussed below.

1.1. Commercial MTP Projects

Sharyland has a total budget of \$80,000 in incentives for the Commercial MTP for 2017.

All projects must be fully completed by December 31, 2017. Table 1 gives a summary of important dates and program limitations:

Table 1: Important Dates and Figures

Date that Applications can be Submitted	January 2, 2017 at 12:00 noon Central time
Date by which all projects must be Completed	December 31, 2017
Total Program Budget	\$80,000
Maximum Sponsor Limit of Budget*	50%

*Sharyland reserves the right to waive this limitation if it impedes meeting program goals.

1.2. Incentive Payments

Incentives are paid based on deemed or measured savings after the completion of the project. The standard incentive prices are offered for peak demand (kW) savings and annual energy (kWh) savings.

Table 2: 2017 Incentives

Standard Incentives	Payment per kW reduction: \$175	Payment per annual kWh saved: \$0.060
Solar PV Incentives	\$0.80/W(DC) installed	

2. Program Description

2.1. Program Goals

While the main goals of the program are to reduce summer and winter peak demand in Sharyland's service territory and to reach the demand reduction goals established by HB3693, there are secondary program goals that are reflected in the program rules and procedures. These secondary program goals include:

- Encourage private sector delivery of energy efficiency products and services
- Acquire cost-effective energy efficiency resources
- Maximize customer energy and bill savings
- Create a simple and streamlined program process, to stimulate strong program participation from eligible Participants
- Minimize the burden of measurement and verification (M&V) requirements for the program by offering deemed or simple savings calculations for measures where possible.

2.2. Eligible Customers

A participant in Sharyland's Commercial MTP must receive electric delivery service from Sharyland.

2.3. Eligible Projects

A project is defined by a set of proposed or installed measures and estimated demand and energy savings included in a single application. Comprehensive projects that include a range of measure types are encouraged. All projects must meet the following requirements:

- Participants must include a total estimated demand reduction of at least **1 kW** during the summer or winter peak period, as defined in the current version of the Texas TRM.¹ The 1 kW minimum savings per project criterion may be waived for customers acting as Project Sponsors and installing measures at their own facilities.
- One project may involve the installation of measures at more than one customer site, if the customers and sites are similar. Combining similar measures/sites into a single project reduces administrative costs for performing due-diligence review of applications and can streamline the project's M&V activities.
- For projects with incentives paid on the basis of verified demand and energy savings, peak demand savings must be measured within the peak demand period. Measurement and verification of energy savings may continue for up to 12 months and carry into the following year.
- New construction projects must demonstrate compliance with all current local energy codes and requirements for energy efficiency. Sharyland reserves the right to adjust program incentives, as determined by program guidelines, if it can be shown that certain energy efficiency measures were installed in order to meet code.

¹ Technical Reference Manual, v4.0 2017, available at <http://www.texasenergy.com/index.php/emv>.

2.4. Eligible Measures

The program does not specify eligible measures in order to allow flexibility to participants in packaging their services.

Participants may propose innovative or non-traditional energy-efficiency measures. Sharyland will consider any measures on a case-by-case basis provided they meet the following requirements:

- 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.²
- Measure must either produce a measurable and verifiable electric demand reduction during the peak summer or winter period or a measurable and verifiable reduction in electricity consumption, or may produce both demand and energy savings. While individual measures may provide either or both, a Commercial *project* must reduce both electricity consumption *and* peak demand savings.
- Measure must **exceed minimum equipment standards** as provided in the program manual, and
- Renewable energy measures meeting the requirements of the PUCT's Energy Efficiency Rule (Substantive Rule 25.181), including **solar PV** installations, may qualify for an incentive.

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

- Measures that involve **plug loads** (i.e. room air conditioners)
- Measures that involve **self-generation** or **cogeneration**, except for renewable technologies
- Measures that are **required** by state or federal law, building or other codes or are standard industry practice
- Measures that result in **negative environmental or health effects**
- Measures that receive an incentive through **any other Sharyland standard offer or market transformation program**

If any of the baseline equipment at a project site have been removed prior to the execution of the MTP Agreement, or if any of the proposed energy-efficient measures have been installed prior to the execution of the MTP Agreement, the project, or the affected portions thereof, will be disallowed.

Sharyland will be the final authority on whether any particular measure is eligible for incentives.

² New construction measures may not involve the substitution of fossil fuels for electricity. For example, gas engine chillers are not an eligible new construction measure.

3. Program Incentives

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

3.1. Available Budget

The total available incentive budget for program year 2017 is **\$80,000**. The total incentive budget for each year, and the funds remaining in the budget, will be available on the program website (www.sharylandefficiency.com) prior to the beginning of each program year, and will be updated frequently. The maximum incentive that can be received by any one participant is 50% of the total budget, which is **\$40,000**. Sharyland reserves the right to revise budgets and sponsor limits anytime during the program year.

3.2. Incentive Rates

The incentive rates are as follows:

Table 3: 2017 Incentives

Standard Incentives	Payment per kW reduction: \$175	Payment per annual kWh saved: \$0.060
Solar PV Incentives	\$0.80/W(DC) installed	

For standard incentives, the kW payment is based on the summer or winter peak demand savings, defined as the **maximum one-hour average demand reduction** that occurs when the newly installed system or commissioned new construction project is operating at peak conditions during the summer or winter peak period. The kWh payment is based on the *annual* energy savings, defined as energy savings over the course of the 12-month period immediately following completion of the project.

Energy and demand savings eligible for incentives must be either calculated using pre-approved deemed (stipulated) savings or simplified M&V procedures, or determined through a detailed M&V plan. A separate document available on www.sharylandefficiency.com provides M&V guidelines for common measures, including deemed savings values and general M&V guidelines based upon the International Performance Measurement and Verification Protocol (IPMVP).

3.3. Energy Savings Measurement Options

All payments to Participants are based on the project's peak demand (kW) and annual energy (kWh) savings. M&V procedures will vary in detail and rigor depending on the measures installed. Sharyland has developed recommended M&V guidelines for several common measures and will work with the Participant to identify M&V options appropriate to the specific project. Participants are responsible for conducting all M&V activities for the project and for paying all associated costs. These procedures may be classified according to three distinct approaches that represent increasing levels of detail and rigor:

- 1. Deemed or Stipulated Savings.** Uses pre-determined or stipulated values of typical equipment characteristics and operating schedules developed for particular applications to perform engineering calculations resulting in average kW and kWh savings. These deemed savings values may be found in the latest version of the Texas Technical Reference Manual (TRM), available at <http://www.texasefficiency.com/index.php/emv>. The Participant is not required to perform any measurement or verification with deemed savings. This approach is designed for use with most HVAC measures, and lighting efficiency and controls projects.
- 2. Simplified M&V.** This method is commonly used for lighting retrofits in typical commercial applications, but can also apply to certain HVAC measures. Savings values using this approach are based on simple engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, with some short-term testing or simple metering. For example, chiller energy and demand savings can be determined using the simple approach by comparing rated efficiencies of high-efficiency equipment to standard equipment, and using kW spot-metering and simple long-term kWh metering. Consult the *M&V Guidelines* available on the program website (www.sharylandefficiency.com/downloads-and-tools.htm) for more detailed information.
- 3. Full M&V (Measured Savings).** With this option, actual measurements and analysis through metering, billing or regression analysis, or computer simulation are relied upon to calculate annual energy and summer or winter peak demand savings. There are specific measurement and verification procedures based on the International Performance Measurement and Verification Protocol (IPMVP). This Protocol serves as the starting point for standard industry practice and specifies how and what M&V procedures are to be used in calculating annual energy and summer or winter peak demand savings. More information about the IPMVP may be found on the Internet at www.evo-world.org. The *M&V Guidelines* on the program website (www.sharylandefficiency.com/commercial/downloads-and-tools.htm) are a simplified version of this Protocol developed specifically for the Commercial MTP.

Participants selecting this option must submit an M&V Plan with their project application. All proposed M&V Plans must be approved by Sharyland before any measures may be installed. This option may provide more accurate savings measurements, but will likely increase the Participant's implementation expenses since participants are responsible for conducting all M&V activities. In addition, if Sharyland, in its sole judgment, determines that its own administrative costs would exceed 5% of the project incentive requested as a result of a Participant's proposed M&V Plan, it has the option of charging the Participant a fee to offset these incremental M&V costs.

3.4. Project Funding Limits

To ensure that incentives are available to multiple energy service providers, no participant may reserve nor receive more than **50%** of the total Commercial MTP incentive budget. Sharyland

reserves the right to waive this limitation if it determines that it impedes the ability to meet program goals.

A participant may participate in multiple projects, subject to the 50% limitation. No participant has unconditional entitlement to the MTP incentive funds.

3.5. Payment Procedures

The procedure for paying incentives varies based on the measurement and verification (M&V) option that has been selected by the participant.

3.5.1.1. Deemed Savings Option

With the Deemed Savings option requiring no M&V, the Participant receives 100% of the incentive payment within 45 days after submitting an Installation Report and invoice, subject to Sharyland's post-installation inspection results.

3.5.1.2. Simplified M&V Option

With the Simplified M&V option that typically requires only limited and short-term M&V, the Participant also receives 100% of the incentive payment within 45 days after submitting a Savings Report and invoice, subject to Sharyland's post-installation inspection results.

3.5.1.3. Full M&V (Measured Savings) Option

The measured savings option provides a mechanism of measurement and verification (M&V) where actual measurements and analyses are relied upon to calculate peak demand and energy savings. The Participant will receive an initial installation payment that represents 40% of the total estimated incentive payment within 45 days after submitting an Installation Report and invoice, subject to Sharyland's post-installation inspection results.

Sharyland will use the following formula to calculate the amount of the installation payment:

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

The second payment (the "Performance Payment") will be based on the annual kWh and peak kW savings that the Participant measures and documents in its Savings Report and its accompanying finalized M&V Plan, subject to Sharyland's review and approval. The performance payment is typically paid within 45 days of submitting the Savings Report and invoice. It may be up to 60% of the total estimated incentive included in the MTP Agreement, and will be calculated as follows:

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

Under no circumstances will Sharyland make a total incentive payment (i.e., the sum of the Installation and Performance payments) that is more than 100% of the total estimated incentive payment specified in the MTP Agreement. If the Savings Report indicates that the measured savings are less than the estimated savings, the total incentive payment will be less than the payment estimated in the MTP Agreement. If the above formula results in a negative amount, the Participant must refund that amount to Sharyland within 45 days of the submittal of the Savings Report.

4. Application Process

4.1. Program Participation Phases and Dates

4.1.1. Participation Phases

Phases of participation occur in this order:

1. Participant submits Letters of Intent (LOI).
2. Frontier reviews and accepts the LOI.
3. Frontier works with the Participant to identify measures and estimate savings.
4. Frontier reviews the proposed measures and conducts inspections.
5. The Participant installs measures and performs any required M&V.
6. Frontier reviews and conducts inspections.
7. Frontier issues incentive payment.

4.1.2. Program Dates and Milestones

Standard Incentives

The application open date is **January 2, 2017 at 12:00 noon Central time**. Participants may begin submitting Letters of Intent (LOI) on **January 2, 2017 at 12:00 noon Central time**. The program will accept LOIs on a first-come, first-served basis. LOIs will continue to be accepted for the program until all funds have been committed or until close of business on **November 30, 2017**, whichever occurs first. After this time, submitted LOIs will be placed on a waiting list. Projects on a waiting list will not automatically be carried over into the next program year. Sharyland may choose to discontinue accepting LOIs at a point in the program year when completion of a project within the year would not be feasible. Project installation must be completed no later than the close of business on **December 29, 2017**.

Solar PV Incentives

The same program dates and milestones apply, but the application process for solar PV incentives differs slightly from that for standard incentives. A Project Pre-Approval Form is provided for solar PV projects on the program website, <http://sharylandefficiency.com/commercial-mtp/solarPV.htm>. The applicant submits the application and all required supporting materials to sharylandrebates@frontierassoc.com.

Frontier Associates (program implementation) reviews the materials to verify eligibility for an incentive, and, if approved, sends a letter to the customer approving the project and the requested rebate amount. Once approved, the applicant installs the specified system, obtains locally-required permits, completes construction, passes local inspections (if required), and completes an Interconnection Agreement with Sharyland. The applicant then fills out and submits a Final Application Form and documentation. Once final paperwork is complete and verified, Frontier Associates requests incentive check processing from Sharyland. Within 6-8 weeks, the Program Manager mails the incentive check to the Service Provider or customer.

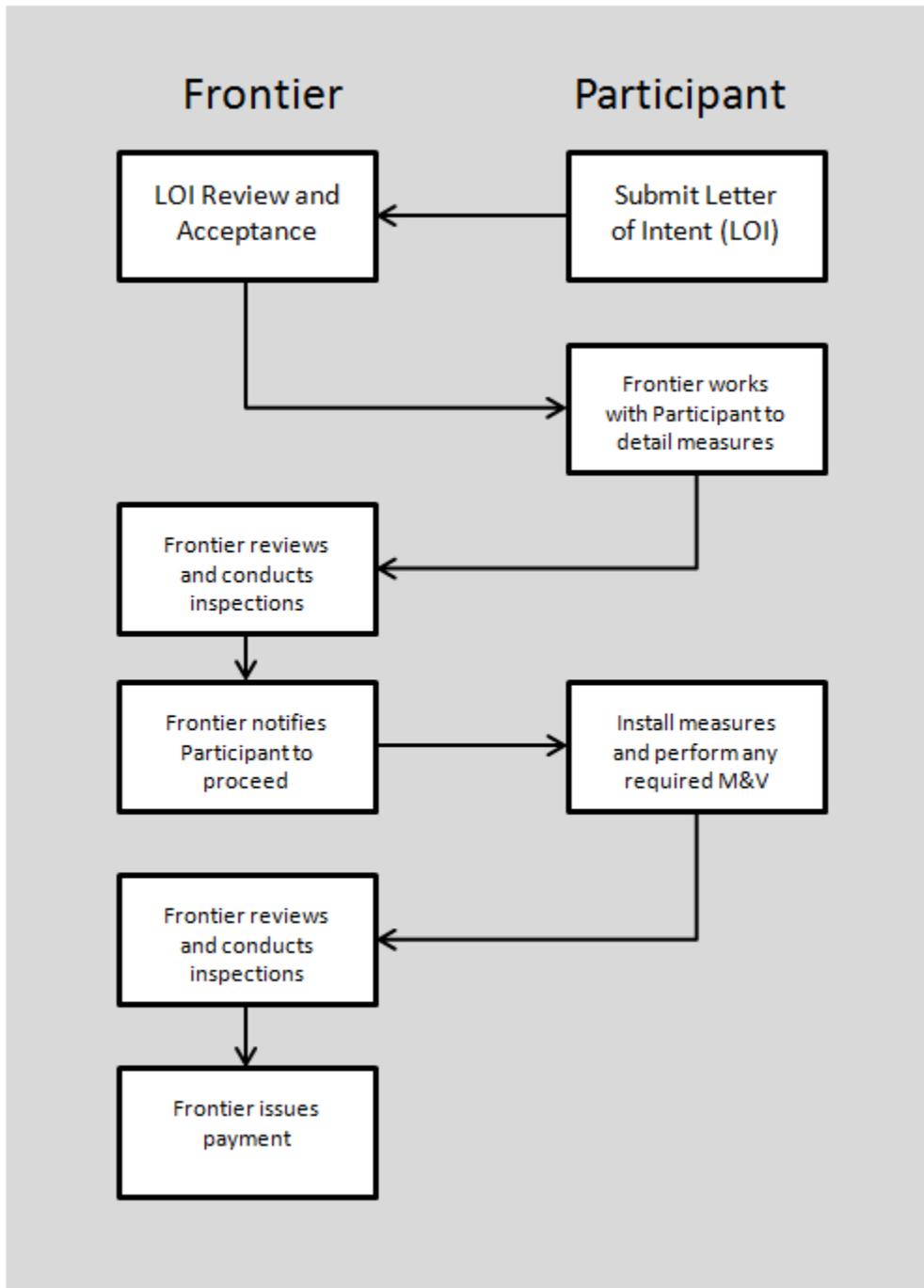


Figure 1: Sharyland Commercial MTP Process Flowchart

5. Reporting and Payment Procedures

5.1. Procedures

5.1.1. Letter of Intent (LOI)

Participation in the MTP requires the Participant to submit a Letter of Intent (LOI) in order for Sharyland to screen the potential project for eligibility.

With the LOI, the MTP agrees to:

- Assign a Service Provider (Frontier) to conduct a preliminary assessment of the Participant facility at no cost to the Participant.
- Assist the Participant with program application materials.
- Pay the Participant an incentive of \$175/kW for measurable and verifiable reductions in peak demand and \$0.06 kWh for measurable and verifiable reductions in annual energy resulting from the installation of eligible efficiency measures at the Participant's facility.

The Participant agrees to:

- Allow the Service Provider (Frontier) to conduct a preliminary assessment of the Participant facility to identify and assess energy efficient opportunities.
- Have its employees or contractors cooperate to provide facility operations data and evaluation assistance to the Service Provider (Frontier) as necessary to complete the assessment.
- Allow Sharyland to release electric account information to the Service Provider (Frontier).
- Finance the installation of eligible efficiency measures for which the Participant would like to receive an incentive.

5.1.2. Pre- and Post-Installation Inspection

The Service Provider (Frontier) will contact the Participant and conduct a pre- and post-installation inspection of the project(s). The inspections require the presence of at least one Participant representative who is familiar with the project. The inspection shall verify that:

- The equipment has been installed and is operating as described in documents submitted to Frontier.
- The M&V plan is being followed accurately.

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

5.1.3. Incentive Payment

After Frontier conducts a post-inspection and approves the installation, Participant may submit an invoice for 100% of the incentive payment. The payment is made typically within 45 days following approval.

5.1.4. Submittals

All submittals must be made to the addresses outlined in Table 3.

Table 3: Addresses for electronic and hard copy submittals

Submittal type	Mechanism	Address or location
Electronic applications	Internet	www.sharylandefficiency.com
Supporting documents (inventory forms, raw data)	Email	sharylandrebates@frontierassoc.com
Hardcopy materials (signed agreements, site plans)	U.S. Postal Service	Sharyland Utilities, L.P. c/o Frontier Associates Attn: Steve Wiese 1515 S. Capital of Texas Hwy Suite 110 Austin, TX 78746-6544
	Ground courier (e.g., FedEx, UPS)	Sharyland Utilities, L.P. c/o Frontier Associates Attn: Steve Wiese 1515 S. Capital of Texas Hwy Suite 110 Austin, TX 78746-6544

6. Other Program Information

6.1. Program Contact

For questions or comments relating to the Sharyland Commercial MTP, please contact Steve Wiese at (512) 372-8778, ext. 118 or swiese@frontierassoc.com, or to reach the Sharyland Program Manager, please contact Bridget Headrick at bheadrick@sharyland.com.

6.2. Participation Costs

Sharyland will not reimburse any Participant for any costs incurred by participating in the Commercial MTP, including the costs of preparing any application or submittal, or reviewing the Standard Contract.

6.3. Confidentiality

The Sharyland Commercial MTP is subject to oversight by the Public Utility Commission of Texas (PUCT), which may request a copy of any program materials that Sharyland receives. Sensitive company and project information submitted by the participant to Sharyland will be treated confidentially to the fullest extent possible. Sharyland will have no liability to any Participant or other party as a result of public disclosure of any submittals.

6.4. Submission of False Information

Sharyland reserves the right to discontinue its evaluation of all submittals from any participant who submits false, misleading, or incorrect information.

6.5. Program Website

The Commercial MTP website at www.sharylandefficiency.com will serve as the primary source for all updated program information and materials. The website will include:

- Information describing the program design and requirements.
- Contact information to receive more information about the program.