

**SHARYLAND UTILITIES, L.P.**

**2017  
RESIDENTIAL  
AND HARD-TO-REACH STANDARD OFFER  
PROGRAMS**



**2017 Program Year**

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## 1. Executive Summary

Provisions in Senate Bill 7, enacted in the 1999 Texas legislature, mandated that at least 10% of an investor-owned utility's (IOU) annual growth in electricity demand be met through energy efficiency programs each year. Due to the success of the programs, goals for energy efficiency were increased through House Bill 3693 during the 2007 legislative session. Currently, the IOUs are required to achieve peak demand and energy savings by offering energy efficiency programs.

On January 9, 2017 at 10:00 AM Sharyland Utilities, L.P. (Sharyland) will begin program year 2017 for its Residential (Res) and Hard-to-Reach (HTR) Standard Offer Programs to pay incentives to Energy Services Companies and other Energy Efficiency Service Providers for a wide variety of projects that improve the energy efficiency of Sharyland's Residential and Hard-to-Reach customers. Sharyland will administer its Residential and Hard-to-Reach Standard Offer Programs in a market based, non-discriminatory manner.

This manual outlines all the aspects of the programs in detail, including: participation requirements, eligibility, project requirements, incentives, application process, implementation process, performance periods, and specifics of both the Residential and Hard-to-Reach programs. The highlights and important dates and funding values of the Residential and Hard-to-Reach programs are discussed below.

### Residential Projects

Sharyland has a total incentive budget of \$216,388 for all Residential and Hard-to-Reach SOP projects for 2017. The incentive funds are divided as follows: \$158,569 for the Residential Standard Offer Program and \$57,819 for the Hard-to-Reach Standard Offer Program. Project Sponsors participating may apply for incentives of up to 20% of the total budget for each program.

#### Residential Standard Offer Program Projects

In 2017, the Residential Standard Offer Program will not have a reservation process for incentives. This will promote efficient and timely work within the Residential program. This program design will enable approved Project Sponsors to invoice 3 times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used, whichever occurs first. Funds will be taken out of the program budget upon the submission of a project. Please note that when funds have run out in the program, there is no guarantee that Sharyland will pay incentives for installations that have not been invoiced. **It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.** Refer to Table 1.1 for further details on the Residential Standard Offer Program. Sharyland reserves the right to modify program guidelines after June 1<sup>st</sup> of the program year if it is deemed necessary to achieve program objectives. **Modifications may include but are not limited to changes in the incentive budget and project sponsor limits.**

**Table 1.1 Residential Standard Offer Program Important Dates and Figures**

|  |                                 |
|--|---------------------------------|
| Application Submissions may begin            | November 9, 2016 at 1:00 PM CST |
| Deadline for Applications to be Submitted    | December 2, 2016 at 1:00 PM CST |
| Date Program Implementation begins           | January 9, 2017 at 10:00 AM CST |
| Date by which all projects must be Completed | November 30, 2017               |
| Total Program Budget                         | \$158,569                       |
| Maximum Sponsor Limit of Total Budget        | 20%                             |
| Maximum Invoice Limit                        | 20% of Total Budget             |

Hard-to-Reach Standard Offer Program Projects

Sharyland has an incentive budget of \$57,819 for Hard-to-Reach SOP projects for 2017. Project Sponsors may receive up to 20% of the total program incentive budget.

In 2017, the Hard-to-Reach program will not have a reservation process for incentives. This will promote efficient and timely work within the Hard-to-Reach program. This program design will enable approved Project Sponsors to invoice 3 times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used, whichever occurs first. Funds will be taken out of the program budget upon the submission of a project. Please note that when funds have run out in the program, there is no guarantee that Sharyland will pay incentives for installations that have not been invoiced. **It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.** Refer to Table 1.2 for further details on the Hard-to-Reach Standard Offer Program. Sharyland reserves the right to modify program guidelines after June 1<sup>st</sup> of the program year if it is deemed necessary to achieve program objectives. **Modifications may include but are not limited to changes in the incentive budget and project sponsor limits.**

**Table 1.2 Hard-to-Reach Standard Offer Program Important Dates and Figures**

|  |                                 |
|--|---------------------------------|
| Application Submissions may begin            | November 9, 2016 at 1:00 PM CST |
| Deadline for Applications to be Submitted    | December 2, 2016 at 1:00 PM CST |
| Date Program Implementation begins           | January 9, 2017 at 10:00 AM CST |
| Date by which all projects must be Completed | November 30, 2017               |
| Total Program Budget                         | \$57,819                        |
| Maximum Sponsor Limit of Total Budget        | 20%                             |
| Maximum Invoice Limit                        | 20% of Total Budget             |

## Incentive Payments

Incentives are paid based on deemed savings after the completion of the project. Standard incentive rates are offered for peak demand (kW) savings and annual energy (kWh) savings.

**Table 1.3 Incentive Payments**

| <b>Project Type</b> | <b>Payment per kW reduction</b> | <b>Payment per annual kWh saved</b> |
|---------------------|---------------------------------|-------------------------------------|
| Residential         | \$278                           | \$0.10                              |
| Hard to Reach       | \$477                           | \$0.16                              |

| <b>Measure</b> | <b>Alternative Rates</b> |                              |
|----------------|--------------------------|------------------------------|
| Solar PV       | -                        | \$0.80/W-DC-STC <sup>1</sup> |

Sharyland reserves the right to review these incentive levels and to revise them prior to program opening in January 2017.

Sharyland will not reimburse any Project Sponsor for any costs incurred by participating in the Residential and Hard-to-Reach SOPs, including costs of preparing the Project Application,

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<sup>1</sup> Qualifying solar panels are rated in Watts-DC at Standard Test Conditions (W-DC-STC), and the rating can be found on the specifications label of each panel. A qualifying system comprised of 12 solar panels, each with a DC-STC rating of 255 W, would earn  $255 * 12 * \$0.80$ , or \$2,448.00.

## 2. Background

Beginning in 2000, electric utilities in Texas began implementing energy efficiency programs under new rules developed to increase the level of energy efficiency in Texas. In 2007, House Bill 3693 increased the energy efficiency savings goals. Here are some of the highlights of the new rule:

*Each electric utility will provide, through market-based standard offer programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers equivalent to at least:*

\* \* \*

*Utilities are required to ensure that 5% or more of these energy savings come from “Hard-to-Reach” customers.*

Hard-to-Reach (HTR) customers are customers with an annual household income at or below 200% of federal poverty guidelines.

In a Standard Offer Program (SOP), Project Sponsors deliver peak demand savings (measured in kilowatts or kW) and annual energy savings (measured in kilowatt-hours or kWh). Sharyland will pay for each kW and kWh of verified savings according to a fixed pricing structure (“standard offer”). All payments to Project Sponsors will be based solely on kW and kWh savings. Sharyland will pay all incentives directly to the Project Sponsors, not to customers. Project Sponsors are not required to provide any direct incentives to customers, but are required to comply with the customer disclosure requirements in Texas Public Utility Commission Substantive Rule §25.181(u).

Sharyland will administer the Residential and Hard-to-Reach programs under separate application processes.

*Who can submit an application to be a Project Sponsor?*

The program is open to a wide range of contractors, service companies, community agencies and other organizations. Individual Project Sponsors are limited to 20% of each SOP program’s incentives per year. Sharyland also offers a streamlined process by which project sponsors can apply for incentives for projects with as little as \$250 in incentives.

The PUCT has issued a wide range of rules and requirements for the Standard Offer Programs. The purpose of this manual is to identify and explain these program requirements, and act as a reference for Project Sponsors.

### **3. Program Design**

#### **3.1. Program Description**

The Residential and Hard-to-Reach Standard Offer Programs (Res/HTR SOPs) were developed by Sharyland to provide incentives to suppliers of energy services. The primary objective of these programs is to achieve cost-effective reductions in our summer peak demand, winter peak demand, and annual energy consumption.

Sharyland has designed the Res/HTR SOPs to encourage electric energy efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement-on-burnout projects. Consequently, energy savings credits for such measures will be based only on energy savings that exceed current federal minimum efficiency standards, if such standards apply. In cases where standards do not exist, and on early replacement or retrofit of existing equipment, demand and energy savings will be based on efficiency improvements relative to typical efficiencies in like circumstances (subject to other limitations as specified herein).

For a definition of “baseline” and other terms used in this Manual, please refer to Texas Public Utility Commission Substantive Rule §25.181. The following pages summarize the features of the Res/HTR SOP programs.

### 3.2. Project Sponsor Requirements

A Project Sponsor is any organization, group, or individual who contracts with Sharyland to provide energy savings under the Res/HTR SOPs. The following types of organizations are eligible to participate as Project Sponsors:

- Sharyland customers owning or operating multifamily residential buildings, none individually exceeding 100 kW demand or 250 kW demand in the aggregate;
- Energy service companies (ESCOs);
- Local contractors;
- Not-for-profit housing or social service organizations;
- National or local companies that provide energy-related products (e.g., lighting or HVAC); and
- Retailers, if they install the particular energy-efficient products sold as part of this program.

Project Sponsors in the Res/HTR SOPs must meet minimum eligibility criteria, comply with all Res/HTR SOP rules and procedures, submit Project Application forms and supplemental documentation describing their projects, and execute Sharyland's Res/HTR SOP Agreement. Sharyland requires Project Sponsors to demonstrate their financial, technical, and managerial qualifications as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. This requirement is described in further detail in this Section. Sharyland also requires Project Sponsors and their subcontractors to carry all insurance required by law, and all insurance as described in the Res/HTR SOP Agreement.

Sharyland also requires that Project Sponsors comply with all applicable provisions of Texas Public Utility Commission Substantive Rule §25.181, including subsection (u) relating to customer protection, which specifies information that must be disclosed to customers and information that must be included in contracts with customers. Sharyland also requires that contracts with customers include a provision allowing Sharyland access to the Host Customer's facility and access to the Host Customer's measure installation records.

One of the features of the Res/HTR SOP is that Sharyland will rely upon the marketing capabilities of Project Sponsors to sell projects to Sharyland's Residential and Hard-to-Reach customers. Sharyland will generally market its energy efficiency program to customers, but will not directly market any energy efficiency-related product or service. **Entering into an agreement with Sharyland as a Project Sponsor does not imply Sharyland's endorsement or approval of any company, product, or service.**

**Marketing materials created by the Project Sponsor must be sent for review prior to distribution to [mcarwile@frontierassoc.com](mailto:mcarwile@frontierassoc.com).**

### 3.3. Participant Eligibility

Residential distribution customers of Sharyland are eligible to have measures installed at their homes or facilities as part of this program.

#### 3.3.1. Documenting the Eligibility of Hard-to-Reach Customers

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

**HTR Annual Income Eligibility Guidelines\***  
**Effective February 1, 2017 – January 31, 2018.**

| Size of Family | HTR Household Income Threshold<br>200% of Federal Poverty Guidelines |
|----------------|--|
| 1              | ≤ \$24,120   |
| 2              | ≤ \$32,480   |
| 3              | ≤ \$40,840   |
| 4              | ≤ \$49,200   |
| 5              | ≤ \$57,560   |
| 6              | ≤ \$65,920   |
| 7              | ≤ \$74,280   |
| 8              | ≤ \$82,640   |

\* Notice: Income ceilings are for February 1, 2017 – January 31, 2018. Income guidelines are updated annually. Project Sponsors should use the updated guidelines after they are published by the PUCT. Annual updates are posted on <http://www.puc.texas.gov/industry/electric/forms/>

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

### 3.3.2. Existing Multifamily Projects

For existing multifamily projects, Project Sponsors are eligible to receive the higher hard-to-reach incentive payments for measures installed in all units if 75% or more of the residents qualify as Hard-to-Reach.

The following is a list of eligible types of developments:

- Public Housing Authority
- Multifamily Bond Program, with less than 25% of units at market rate
- Project-Based Section 8
- HOME Rental Housing Development
- Housing Trust Fund
- Low-Income Housing Tax Credit Program, with less than 25% of units at market rate
- Affordable Housing Disposition Program
- Rural Rental Section 515 (FMHA)

### 3.4. Eligible Energy Efficiency Projects and Measures

The Residential and Hard-to-Reach Standard Offer Programs were designed to enable Project Sponsors to deliver cost-effective energy efficiency measures to a wide range of residential customers. Any Commission-approved measure included in the Texas Technical Reference Manual (“TRM3.1”) and assigned a deemed savings value for the residential customer class is eligible under Sharyland’s SOP. Table 1 provides examples of eligible measures. Table 2 provides a list of ineligible measures.

Project Sponsors may propose innovative or non-traditional energy-efficiency measures. Equipment in all end uses (e.g. refrigeration, cooling, and heating) is eligible for the SOP. Proposed energy efficiency measures must meet the following requirements:

- Measure must produce a measurable and verifiable electric demand reduction during the peak period and produce electricity consumption savings.
- Measure must produce savings through an increase in energy efficiency or a substitution of another energy source for electricity (provided the substitution results in overall lower energy costs, lower energy consumption, and the installation of high efficiency equipment).
- Renewable energy measures meeting the requirements of the Commission’s Energy Efficiency Rule (Substantive Rule 25.181) may qualify for an incentive.
- Measure must meet or exceed minimum federal or other efficiency standards as provided in the TRM 4.0

As a general rule, measures involving “plug loads” (equipment or appliances that are plugged into standard electrical outlets) are not permitted.

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

The TRM 4.0 will be the final authority on whether any particular measure is eligible for incentives.

### **3.4.1. Additional Requirements for Project Sponsor Proposing to Perform Duct Sealing, Air Infiltration, and Ceiling Insulation**

- 2017 is a transition year; Duct Efficiency and Air Infiltration may be removed from the measure mix in 2018.
- Maximum pre-installation leakage rate for Duct Efficiency capped at 35% of the total fan flow in Residential SOP
- Duct Efficiency measure only eligible if at least 50% of duct work is located in unconditioned space. Ducts located in furr-downs are considered to be in conditioned space.
- Leakage to outside testing is the only acceptable method of duct blaster testing.
- Pre-installation leakage rate must equal 80 CFM/ton or greater to be eligible for duct sealing.
- If the duct blaster reading is above 160 CFM/CFM, the duct sealing measure shall not be recommended.
- Assessor must determine if the condition of the duct system is damaged beyond repair, note findings, and not perform duct blaster testing.
- Air Infiltration CFM reduction capped at 30% in Residential SOP
  - Sharyland is allowing a maximum CFM reduction cap of 40% if the proper photo documentation is submitted into P3.
  - Uploaded photographs will be required in order to exceed the 30% CFM reduction cap, up to 40% total CFM reduction.
  - Photographs must capture 1) pre & post blower door meter readings, and 2) the scope/type of retrofit implemented, showing pre- and post-retrofit condition of the treated locations (examples may include: newly added door strip, caulking around window frame, recessed lighting fixtures, etc.)
- Ceiling Insulation with reported pre-retrofit R-value below R-5 requires all contractors to provide sufficient photo evidence, noted in the TRM 4.0 as:
  - Two photographs: 1) a picture showing the entire attic floor, and 2) a close-up picture of a ruler that shows the measurement of the depth of the insulation. In the absence of evidence demonstrating pre-retrofit ceiling insulation below R-5, the lowest level of pre-retrofit ceiling insulation that can be claimed is the R-5 to R-8 range.

**Table 1**  
**Examples of Eligible Measures and Projects**

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR<sup>®</sup> windows
- Infiltration control
- Duct sealing

Cooling and Ventilation Measures/Projects

- High efficiency air conditioning replacements
- High efficiency gas air conditioning replacing electric
- Variable speed drive applications for HVAC equipment

Heating Measures/Projects

- Heat pump replacement of resistance heat
- Standard-efficiency heat pump to high-efficiency heat pump conversion

Water Heating

- Energy and water-efficient clothes washers
- Low Flow Showerheads & Faucet Aerators, Pipe Insulation Wrap, and Water Heater Jackets
- High efficiency gas water heater replacing electric resistance water heaters
- Heat pump water heaters
- Waste heat recovery units

Other Measures/Projects

- ENERGY STAR<sup>®</sup> refrigerators

Renewable Energy Measures (All renewable measures subject to approval by PUCT)

- Water heating
- Photovoltaic or certain other renewable technologies

**Table 2**  
**Examples of Ineligible Measures and Projects**

- Duct sealing for ducts located in furr-downs or other conditioned spaces
- CFLs
- Measures that do not raise efficiency above current standards
- Cogeneration and self-generation projects
- Load shifting/load management measures
- Load reductions caused by building vacancies
- Measures that rely solely on customer behavior or require no capital investment
- Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls
- Measures for which incentives were received under another Sharyland program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- Home more recent than 2011

The Texas Technical Reference Manual (TRM3.1) outlines additional requirements and eligibility criteria for measures implemented in the Residential and Hard-to-Reach Standard Offer Programs. Refer to the TRM 4.0 for all deemed savings and installation standards.

### **3.5. Energy Savings Measurement Options**

All payments to Project Sponsors are based on the project’s peak demand (kW) and annual energy (kWh) savings. Project Sponsors must utilize approved deemed savings for estimating the demand and energy impacts of the measures they install.

Deemed Savings use pre-determined average kW and kWh savings for each measure. Project Sponsors are not required to perform any measurement or verification of energy savings. The entire incentive payment is paid as soon as installation inspections are completed and approved, normally within 45 days of submitting an implementation report and invoice. All of the common residential retrofit measures have approved deemed savings values. The state of Texas Technical Reference Manual (TRM3.1) has a listing of all the deemed savings values.

### **3.6. For More Information**

The website ([www.sharylandefficiency.com](http://www.sharylandefficiency.com)) will be a key informational resource and should be checked regularly for any program updates. Company representatives will respond to questions of general interest using the “Contact Us” feature on the website.

## 4. Program Incentives

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

### 4.1. Incentive Budget and Project Funding Limits

Sharyland has allocated \$158,569 for incentives to be paid for Residential SOP projects, and \$57,819 for incentives for Hard-to-Reach SOP projects. Each Project Sponsor is limited to no more than 20% of that allocation, unless otherwise determined by Sharyland in order to achieve program goals. Project Sponsors can apply to participate in the programs via the application process for both Residential and Hard-to-Reach programs. For additional details on the application process, see Section 5.1 Application Process.

### 4.2. Incentive Rates

The incentive rates for Residential and Hard-to-Reach SOP projects are as follows:

| Project Type  | Payment per kW reduction | Payment per annual kWh saved |
|---------------|--------------------------|------------------------------|
| Residential   | \$278                    | \$0.10                       |
| Hard to Reach | \$477                    | \$0.16                       |

| Measure  | Alternative Rates |                              |
|----------|-------------------|------------------------------|
| Solar PV | -                 | \$0.80/W-DC-STC <sup>2</sup> |

Sharyland reserves the right to review these incentive levels and to revise them prior to program opening in January 2017.

The kW payment is based on Peak Demand Savings. The kWh payment is based on the first-year kWh savings.

### 4.3. Payment Procedures

Incentive payments are based on Deemed Savings. The Project Sponsor will receive the entire incentive payment within approximately 45 days after submitting a monthly invoice, subject to Sharyland Utility's post-installation inspection results

<sup>2</sup> Qualifying solar panels are rated in Watts-DC at Standard Test Conditions (W-DC-STC), and the rating can be found on the specifications label of each panel. A qualifying system comprised of 12 solar panels, each with a DC-STC rating of 255 W, would earn  $255 * 12 * \$0.80$ , or \$2,448.00.

## 5. Program Process and Timeline

### 5.1. Application Process

The first step in the Residential and HTR SOP process is for the Project Sponsor to submit a Project Application for its proposed project. There is a Residential and a Hard-to-Reach Project Application. Each Project Application includes information about the Project Sponsor, and the estimated kW and kWh impacts.

As a component of their program application, Project Sponsors will submit their qualifications. Once a Project Sponsor is accepted, they will be authorized to access the program tracking system (P3), which facilitates customer and measure reporting.

Section **Error! Reference source not found.** further details the program application requirements.

A copy of the SOP Agreement that will be executed by Sharyland and the Project Sponsor prior to the project implementation may be downloaded from [www.sharylandefficiency.com](http://www.sharylandefficiency.com). Project Sponsors are urged to review the SOP Agreement before submitting a Project Application.

*Once the application period has begun, Sharyland will not entertain proposed modifications to the SOP Agreement.*

### 5.2. Implementation Period

Incentive funds will not be reserved for individual Project Sponsors; instead, incentive funds will be allocated on a first-come, first-served basis as Project Sponsors submit invoices to Sharyland. This will promote efficient and timely work within the Residential and Hard-to-Reach programs. This program design will enable approved Project Sponsors to invoice up to three times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used, whichever occurs first. Please note that when funds have run out in the program, there is no guarantee that Sharyland will be able to pay incentives on non-invoiced installations. **It is the Project Sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.**

During the implementation period, the Project Sponsor will be performing marketing and implementation activities, and reporting progress on a regular basis to Sharyland. All installations must be completed and all implementation data reported to Sharyland no later than November 30, 2017.

Installation and equipment standards are included in the Texas Technical Reference Manual (TRM3.1).

## 6. Residential and Hard to Reach Program Applications

If a Project Sponsor would like to participate in both the Residential and Hard-to-Reach SOPs, the Project Sponsor must submit a separate application for each SOP. Application forms, instructions, frequently-asked questions, and helper applications will be accessible on Sharyland's energy efficiency program website ([www.sharylandefficiency.com](http://www.sharylandefficiency.com)). All applications must be completed and submitted online within the P3 system.

### 6.1. Program Application Guidelines

All applications must be completed and submitted online within the P3 system.

For detailed instructions regarding submission of applications, P3 training videos are available within P3.

Once the Project Sponsors have completed filling out their applications, the applications can be submitted immediately. Project Sponsors must submit their applications no later than 1:00pm on Friday, December 2<sup>nd</sup>, 2016. Once an application is submitted, a project sponsor cannot make any changes to the application.

Sharyland will review all applications received between November 9<sup>th</sup>, 2016 and December 2<sup>nd</sup>, 2016 at 1 p.m. on an equal basis, without regard to the order in which the applications were received. Applications may be submitted after December 2<sup>nd</sup>, but will be considered at the sole discretion of Sharyland.

**In order to submit the application by December 2, 2016 at 1 p.m., the application must be completed before the submit date and time.**

After the application information has been reviewed by Sharyland, the Project Sponsor will be notified of its project award status.

### 6.2. Residential and Hard-to-Reach Program Application Forms

The Residential and Hard-to-Reach program applications require various pieces of information, including company information, financial, technical, and managerial qualifications, and references for the Project Sponsor. Project Sponsors also must provide information regarding the energy efficiency measures they propose to install. All requested information is vital to the acceptance of the Project Application and should be carefully compiled.

#### 6.2.1. Project Sponsor Information

The information listed below is required of all Project Sponsors:

- Project Sponsor name
- W9; Federal tax identification number of Project Sponsor
- Parent company (if any) and affiliated firms (if any)
- Contact name, address, phone number, fax number, e-mail address
- Names, addresses, etc., of all subcontractors
- A copy of all **current** industry licenses and certifications. HERS, BPI, HPP (Home Performance Professional – can substitute for HERS or BPI), PVT (Performance Verification Technician – replaces HERO certification program), HVAC, insulation installation, etc.

### **6.2.2. Project Sponsor's Qualifications**

Sharyland requires Project Sponsors to demonstrate their qualifications and experience as part of the application process to help ensure that the proposed projects will be successful in delivering the estimated energy savings. A Project Sponsor's application should include the following:

- A brief statement of the Project Sponsor's technical and managerial capabilities and experience (500 word maximum).
- Evidence that the Project Sponsor and any subcontractors possess all applicable licenses. Evidence includes a list of applicable licenses, license holders, and license numbers.
- Three client/customer references for projects similar in nature to that proposed in the application (include contact name, address, and phone number).
- Disclosure of any legal judgments pending, or entered in the previous two years, against the Project Sponsor, as well as a current list of pending litigation filed against Project Sponsor.
- All Project Sponsors that are installing duct sealing are required to have a certified HVAC license holder, HERS rater or BPI certificate holder on staff. If an HVAC license holder, HERS rater, BPI certificate holder, is not present at the work site, then infiltration and duct sealing installations are not allowed. Provide a listing of certifications or licenses held (e.g., HVAC license, HERS rater, BPI certification, etc.), or relevant third-party training courses completed.

### **6.2.3. Project Description**

#### **Project Description**

Provide a description of the proposed project in the space provided. Briefly describe the proposed project, including target customers, end-uses and marketing approach.

Project Sponsors can utilize the TRM3.1 for all deemed savings estimations.

### **6.2.4. Marketing Plan**

Project Sponsors must provide information regarding the customer types and/or the building/dwelling characteristics they will target. Project Sponsors must also provide information regarding the marketing mechanisms they will utilize, including descriptions of previous projects that were successfully completed by the Project Sponsor utilizing similar marketing methods. All marketing materials must be submitted for review prior to use.

### **6.2.5. Supplemental Documentation Requirements**

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

- Electronically Signed SOP Agreement.
- A copy of W9
- Insurance; Sharyland must be listed as an additional insured (sub-contractors must also submit insurance but do not need to list additional insured) using the Certificate Holder Format below:

Sharyland Utilities, L.P.

Attn: Mary Carwile  
1515 S Capital of Texas Hwy, Suite 110  
Austin, TX 78746

Please have your insurance provider email these documents to Mary Carwile  
(mcarwile@frontierassoc.com)

- (For Sponsors performing air infiltration or duct sealing) Calibration documentation (serial # and calibration date) to verify calibration with OEM. Contractor is responsible for ensuring that manometer is calibrated at least every two years by OEM. (i.e. certified as of January 2015, or more recent).
- A copy of all **current** industry licenses and certifications pertaining to applicable measures for the project sponsor: HERS, BPI, insulation installation, HVAC, electrical, etc.

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

## **6.3. Residential and Hard-to-Reach Application Review Procedures**

### **6.3.1. Application Evaluation**

Sharyland may reject a Project Application if:

- The Project Application is received after the Res/HTR SOP has been fully subscribed;
- The Project Sponsor fails to meet program eligibility requirements;
- The Project Sponsor fails to respond to any request for additional information;
- The Project Sponsor is found to have made material misrepresentations in the Project Application;
- The Project Sponsor fails to comply with applicable federal, state and local laws and regulations;
- Changes occur in laws or regulations directly affecting the Res/HTR SOP; or
- Sharyland, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the Res/HTR SOP Agreement.

Sharyland reserves the right to limit or disqualify the participation of Project Sponsors who have performed poorly in previous Sharyland standard offer programs.

Sharyland will notify each Project Sponsor of its application status. If a Project Application is found incomplete or insufficient, Sharyland may, at its sole discretion, reject it.

Sharyland may request clarification of, or additional information about, any item submitted as part of the Project Application. Project Sponsors will have five business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, Sharyland may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any Project Sponsor submitting an unsuccessful Project Application may reapply for project funding by submitting another Project Application.

### **6.3.2. Project Sponsor Approval**

If Sharyland approves the Project Application, the Project Sponsor will be expected to sign and return the SOP Agreement as soon as possible after notification of Project Application approval.

Once the Project Sponsor has executed the SOP Agreement, the Sharyland Program Administrator will allow the Project Sponsor to access the implementation sections of the Residential and HTR programs within the P3 system. From these sections, Project Sponsors will be able to see how much project incentive money remains in Sharyland's Project incentive budgets, and Sponsors will be able to submit invoices for measure installations that have been completed.

## 6.4. Program Contact

The Primary contacts for the Res and HTR SOP Programs are as follows:

|  |  |
|--|--|
| Ms. Mary Carwile<br>(512) 372-8778 x 109<br><a href="mailto:mcawile@frontierassoc.com">mcawile@frontierassoc.com</a> | Mr. Kelly Bradford<br>(512) 372-8778 x 111<br><a href="mailto:kbradford@frontierassoc.com">kbradford@frontierassoc.com</a> |
|--|--|

All program correspondence, reports, and any other required materials should be uploaded directly to P3. Refer to the program tracking system training video on the website for help with the upload feature. Also feel free to contact the program administrator if you have any difficulties.

## 6.5. Other Important Program Information

Sharyland will not reimburse any Project Sponsor for any costs incurred by participating in the SOP, including costs of preparing the Project Application, reviewing or executing the SOP Agreement, or preparing and submitting implementation or performance reports.

Project Sponsor shall comply with all federal, state, and local licensing and permitting regulations.

Sharyland's SOPs are subject to oversight by the PUCT, which may request a copy of any SOP materials that Sharyland receives. Sensitive information submitted by the Project Sponsor to Sharyland will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT and the third party EM&V contractor selected by the PUCT. Sharyland will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

## 7. Implementation Period Procedures for Project Sponsors

The implementation period shall begin on January 9<sup>th</sup>, 2017, and shall end on November 30<sup>th</sup>, 2017. All installations must be completed and all implementation data reported to Sharyland no later than November 30<sup>th</sup>, 2017.

During the implementation period, the Project Sponsor will be performing marketing activities, implementation activities, and reporting progress on a regular basis to Sharyland. This allows Sharyland to monitor each Project Sponsor's progress in a timely manner and allows Sharyland the ability to reallocate program funding, if necessary, in order to achieve its overall energy savings goals.

### 7.1. Required Forms

Prior to commencing any installation activities, Project Sponsor shall submit its insurance certificate to Sharyland. The Project Sponsor shall also use the following standard forms, which are available on the program website:

1. *Host Customer Agreement (HCA)*. This is a standard agreement executed by the Project Sponsor and the host customer. It includes all the customer protection provisions and disclosures required by the PUCT. Project Sponsors may download the approved version from [www.sharylandefficiency.com](http://www.sharylandefficiency.com). Sharyland requires that the Project Sponsor use the approved HCA.
2. *Residential Customer Acknowledgement and/or Multifamily Property Manager Certificate*. These are forms in which the residential customer or multifamily property manager acknowledges that the measures described in the Host Customer Agreement have been installed to his/her satisfaction, and that Sharyland is allowed to access the host customer site for inspections. Project Sponsors must use the forms available for download from [www.sharylandefficiency.com](http://www.sharylandefficiency.com). Copies of signed Acknowledgements must be turned in with each installation report and invoice.
3. *Household Income Eligibility Self-Certification and/or Multifamily Certification Form*. These forms are to be used by customers and property managers to certify hard-to-reach eligibility. Both forms are available for download from [www.sharylandefficiency.com](http://www.sharylandefficiency.com). Copies of signed forms must be turned in with each installation report and invoice. Please note: In the case where a tenant is renting a home from a landlord, the Income Eligibility Certification Form needs to be completed by the actual customer, not the landlord. Property managers of multi-family complexes must complete the Multifamily Certification Forms.
4. *Field Data Sheet* – These forms are required for single-family projects and each customer in multifamily projects, listing specific technical data regarding the measures performed.

Please note that customer signatures on all customer forms must match the host customer's name in the database.

All program correspondence, reports, and any other required materials should be uploaded directly to P3. Refer to the training video that is available on the Help page within P3 for help with the upload feature. Also feel free to contact the program administrator if you have any difficulties.

Also, Project Sponsors must maintain a work schedule within P3, informing the program administrator on the location, time and date that measures will be installed. Failing to maintain a work schedule could result in corrective action and/or termination from the program.

## 7.2. Installation Period

The Installation Period will commence on January 9<sup>th</sup>, 2017. Once potential customers have been verified to ensure they are Sharyland customers, Project Sponsors can begin with performing measures on behalf of those eligible customers. Project Sponsors must not enter installation data into P3 until the associated customers have been confirmed as eligible.

One of the key requirements for Project Sponsors is that they perform installations and report the installation data by submitting a project through P3. Project Sponsors will be allowed to invoice up to three times per month for an amount as small as \$250 or as large as 20% of the program incentive budget. To ensure that funding will be available to multiple Project Sponsors, Sharyland has set the maximum amount of incentives paid to any one Project Sponsor (including Project Sponsor's Affiliates) at 20% of the total incentive budget for the Residential SOP and 20% of the total incentive budget for the Hard-to-Reach SOP. Program guidelines such as these may be subject to change after June 1, 2017.

The incentive money is an open pot and funds are reserved out of each program's incentive budget as Project Sponsors submit their invoices, on a first-come, first-served basis. Invoices can be submitted until the Project Sponsor cap is reached or all program funds have been used, whichever occurs first. Please note that when funds have run out in the program, there is no guarantee that Sharyland will be able to pay incentives on non-invoiced installations. It is the sponsor's responsibility to monitor the program budget and determine if there are ample funds in the program budget before implementing installations.

### 7.2.1. Implementation Example

One of the key requirements for Project Sponsors is that they perform installations and report the installation data by submitting an invoice through P3. Funds are reserved out of the program budget as sponsors submit their invoices. Funds are distributed on a first come, first serve basis.

A general example of the implementation of a project is as follows:

1. Project Sponsor plans to install measures
2. Using the Deemed Savings tables listed in the TRM, the kW and kWh savings will be calculated and displayed when the measure details are input into the P3 database
3. Using the incentive values indicated in section 4.2 above, the Project Sponsor calculates their incentives.
4. Project Sponsor logs on to P3 to view dashboard and check available funding.
5. Project Sponsor installs the measures and returns to P3 to report installation information by submitting project to Sharyland.
6. If Project Sponsor submits an invoice when program funds are close to being depleted, there is no guarantee that their invoice will be paid in full. It is the Project Sponsor's responsibility to ensure there are ample funds in the program budget to cover the incentives associated with the measures they are installing.

### 7.2.2. Customer Affidavits

If a Project Sponsor submits an invoice for an incentive amount exceeding \$10,000 for a project at an individual site, or for an individual customer, then the Project Sponsor shall submit an affidavit of participation signed by the host customer within ten business days of submission.

### **7.2.3. Frequently-Asked Questions**

*Can customer sites be combined into a single invoice?*

Yes. Project sites may be combined in a single invoice. Projects submitted individually will be combined into a single invoice as deemed appropriate by the program administrator. If a Project Sponsor prefers that a specific group of projects be paid on a particular invoice, the program administrator should be notified and the projects should be submitted as a batch.

*Does the Sponsor have to give the incentive to the customer?*

No. Project Sponsors may use the incentive in any manner they see fit, though the Project Sponsor is required to comply with the customer disclosure requirements in Texas Public Utility Commission Substantive Rule §25.181(u). Additionally, in the Host Customer Agreement that the customer and the Project Sponsor are required to sign, the customer acknowledges that the Project Sponsor is receiving incentives through a ratepayer-funded program.

### 7.3. Program Implementation Steps

#### After Acceptance of Program Application:

1. Signed SOP Agreement uploaded to P3

#### Prior to Marketing:

1. Provide Certificate(s) of Insurance
2. Verify all potential customers' ESI IDs and addresses to Sharyland prior to beginning any installation activities for verification that customers are served by Sharyland.
3. Download approved Host Customer Agreement form from [www.sharylandefficiency.com](http://www.sharylandefficiency.com).
4. Download approved Residential Customer Acknowledgment and Multifamily Property Manager Acknowledgement forms from [www.sharylandefficiency.com](http://www.sharylandefficiency.com).

#### Marketing:

1. All marketing materials must be submitted for review prior to use.
2. Project Sponsors shall not obtain or use customer ESI ID or meter number without the prior consent of the customer.

#### Prior to Installation:

1. If Hard-to-Reach, must have customer or property manager fill out (and sign) Income Eligibility Certification Form. Please note: In the case where a tenant is renting a home from a landlord, the Income Eligibility Certification Form needs to be completed by the actual customer, not the landlord. Property managers of multi-family complexes must complete the Multifamily Certification Forms.
2. If installing air infiltration control, wall insulation, or duct sealing measures, perform pre-installation tests, as required.
3. Have the customer or property manager sign the Host Customer Agreement.
4. Input customer data into P3, including ESI ID, customer data and measure installation data.
  - Customer type (Residential or Hard-to-Reach)
  - Customer name and address
  - Service address
  - ESI ID number
  - Telephone number
  - Measures to be installed
  - Date and time for measure installations
5. Update the work schedule within P3 as required. All measure installation work should be scheduled at least 24 hours in advance.

#### After Installation:

1. If air infiltration control, wall insulation, or duct sealing measures were installed, perform post-installation tests, as required.
2. Have residential customer or property manager sign the Acknowledgement form.
3. Report installation data and required documentation via P3.
  - Host Customer Agreement

- Residential Customer Certificate
- Field Data Sheet
- Income Eligibility Form (HTR only)

### **7.3.1. Invoicing**

Within thirty (30) days after inputting a home into P3, Project Sponsors should complete all measure installations, upload all required forms and include that home on an invoice via P3. Project Sponsors may submit up to three (3) invoices per month. Refer to the training video available within the Help section of P3 for help with the upload feature. Also feel free to contact the program manager if you have any difficulties.

Sharyland may adjust the incentive payment based on findings from field inspections.

Payment terms are net 45 days.

### **7.3.2. Customer Acknowledgements and Multi-Family Certificate Forms**

As indicated above, copies of Customer Acknowledgment forms shall be uploaded for each customer and/or multifamily project. Among other things, the forms provide Sharyland with permission to inspect the installation, which is required before incentive payments are approved. Copies of the Customer Acknowledgment forms are included on [www.sharylandefficiency.com](http://www.sharylandefficiency.com).

### **7.3.3. Documentation of Hard-to-Reach Status**

To document a single-family customer's hard-to-reach status, the Project Sponsor should have the host customer complete and sign the *PUCT's Self Certification Form of Income Eligibility*. If the Project Sponsor is implementing a project at a multifamily building, the Project Sponsor must complete a *PUCT Property Owner Certification Form of Tenant Income Eligibility*. Both forms are available on the SOP website [www.sharylandefficiency.com](http://www.sharylandefficiency.com). Project Sponsors should upload copies of these forms along with the invoice.

### **7.3.4. Monthly Project Invoices**

If a Project Sponsor completes a Project and reports installation data, they should submit an invoice to Sharyland by the 10<sup>th</sup> of the following month. If the Project Sponsor completes multiple Projects within that month, the installation data should be summarized on a single invoice.. The Customer Acknowledgment Form(s), Host Customer Agreement and HTR Income Eligibility Certification Form(s) must accompany the invoice.

Incentive requests will be calculated according to functions embedded in P3 and may not be modified by Project Sponsors. Project Sponsors requesting payment for Deemed Savings Measures may invoice Sharyland for 100% of eligible incentives based on deemed savings values for installed measures. Sharyland may adjust the incentive payment based on findings from field inspections.

Payment terms are net 45 days.

## **7.4. Invoice Review Procedures**

### **7.4.1. Administrative Review**

Once the invoice is submitted to Sharyland via P3, it will be reviewed for accuracy. If any discrepancies are found in any of the reports, Sharyland will notify the Project Sponsor. The Project Sponsor shall have 10 business days from the date of Sharyland's notification to correct any discrepancies.

Sharyland will review all forms submitted, verifying selected entries for accuracy.

### **7.4.2 Inspection Process**

Each home input into the Work Schedule via P3 is subject to an inspection either before, after, or before and after the measure installation.

#### **Multifamily**

For multifamily projects, the objective is to conduct pre-installation and post-installation inspections on a minimum of 10% of the units to be retrofitted at each project. Once a multifamily project has been input into the database, the Program Administrator will contact the Project Sponsor to schedule pre-installation inspections. The Program Administrator will coordinate inspections with the Project Sponsor so that the Program Administrator can conduct pre-installation blower door and duct leakage testing, or verify tests being conducted by Project Sponsor. The Program Administrator's inspection staff will record pre-installation test values and other data on the multifamily pre-installation form. If the Project Sponsor performs installation work during the same day, the Program Administrator's inspector will witness and verify any post-installation testing done on these units. Additional follow-up post installations may be conducted without prior notice to the Project Sponsor.

#### **Single-Family**

For single-family projects, the objective is also to conduct pre-installation and post-installation inspections on a minimum of 10% of a Project Sponsor's single-family projects. For single-family pre-inspections, the Program Administrator will monitor the daily work schedules submitted by each Project Sponsor. Random, unannounced pre-inspections will be conducted, with pre-inspection data collected on a single-family pre-inspection form. During the program year, the Program Administrator will monitor the number of single-family projects implemented by each Project Sponsor, and will attempt to conduct a sufficient number of pre-inspections to maintain the percentage at or above 10%.

### 7.4.3. Installation Inspections

During the review process, Sharyland will take a random sample of customer sites and make field inspections to determine if each measure has been installed properly, and is capable of performing its intended function. All measures installed in the Residential and Hard-to-Reach SOP must conform to or exceed the standards listed in the Texas TRM 4.0. If installed measures do not meet these standards, they will not be eligible for incentives.

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

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

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

In the event the Project Sponsor disagrees with the payment adjustment, the Project Sponsor may provide additional clarifying information and request a second review.

**\*Note that it is the Project Sponsor's responsibility to inform their customers that their home may be selected for a post inspection.**

### Monthly Report Form Summary

| DOCUMENT   | DOCUMENT DESCRIPTION   | SUBMITTAL DEADLINE & REVIEW   |
|--|--|---|
| Installation and Invoice Forms   | <p>This is a detailed description of specific measures installed.</p> <p>Site-specific information must include customer name, address, phone number, account number, measure installation data, and installation schedule.</p> <p>Project Sponsors are required to provide a Field Data Sheet</p> | Homes should be invoiced within 30 days after this information is input into P3   |
| Project Invoice  | Project Sponsor requests payment for installed measures in accordance with the TRM.  | <p>Invoices submitted via P3.</p> <p>Up to three invoices per month may be submitted.</p> <p>Administrator will have 45 days to review and process payment.</p> |
| Copies of Acknowledgments and PUCT-approved eligibility forms for HTR installations completed during that month. | <p>Customer provides Project Sponsor a release for Sharyland to inspect the installation, if asked.</p> <p>Customer acknowledges that Project Sponsor must be looked to for all remedies.</p>  | All forms must be uploaded to P3.   |