



# **2023 Commercial Standard Offer Program**

## **Procedures Manual**

Version 2023.0

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**Xcel Energy**  
**Southwestern Public Service Company**

P.O. Box 1261  
Amarillo, TX 79105-1261

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## 2023 Commercial Standard Offer Program

# Section I: Program Description

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This section summarizes the basic design parameters of the 2023 Xcel Energy COMMERCIAL Standard Offer Program. It includes information about the program eligibility requirements, incentive payments, and the participation process.

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# Introduction

## 1. Overview

The Xcel Energy Commercial Standard Offer Program (SOP) pays incentives to Project Sponsors for retrofit and new construction projects that save energy and peak-period electricity demand. Incentives are based on verified demand and energy savings that occur at an Xcel Energy customer's commercial site as a result of the project.

To participate in the Commercial Standard Offer Program, Project Sponsors undergo an application process and then enter a standard contract with Xcel Energy. Under the contract, the Sponsor agrees to deliver demand and energy savings to an Xcel Energy distribution customer via the installation of eligible energy efficiency measures (EEMs) at that customer's site. To receive incentive payments, the Project Sponsor must demonstrate the demand and energy savings delivered by the installed equipment by performing deemed, simplified, or full measurement and verification (M&V) activities.

The Program Procedures Manual is made up of four main sections plus a Glossary in the Appendix A. This *Introduction* section includes three chapters and provides a general introduction to the Commercial Standard Offer Program, including an overview of the Commercial Standard Offer Program, background information and a description of standard offer programs. The *Program Description* section includes three chapters containing information about program goals, eligibility requirements and program incentives. The *Application Process* section details the participation process in four chapters, including information on all required applications, contracts and reports. There is a brief *Other Program Information* section with contact information and statements regarding reimbursement of expenses and confidentiality.

A separate companion document entitled *M&V Guidelines for Retrofit and New Construction Projects* – hereinafter “*M&V Guidelines*” – details measurement and verification (M&V) guidelines. It includes information such as the minimum equipment efficiency tables, sampling guidelines, a copy of program definitions, and an overview of Xcel Energy's service territory. All program information, including application materials, will be available via the Internet at the Xcel Energy program website ([www.xcelenergyefficiency.com](http://www.xcelenergyefficiency.com)). Xcel Energy will accept online applications starting January 1, 2023.

## 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 from 10% of its projected growth and demand, as previously set by Senate Bill 7, to 20% by December 31, 2009. Xcel Energy will implement its energy efficiency programs under the guidance of the Energy Efficiency Rule. Here are some of the highlights of HB 3693:

*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:*

*-10% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2007*

*-15% of the utility's annual growth in demand of residential and commercial customers by December 31, 2008*

*-20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2009*

*-30% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2013*

## 3. Standard Offer Programs

In a standard offer program, *Project Sponsors* propose to deliver certain levels of peak demand savings (measured in kilowatts, or kW), and annual energy savings (measured in kilowatt-hours or kWh). Xcel Energy will pay a fixed ("standard offer") price to Project Sponsors for each kW and kWh of savings. All payments to Project Sponsors will be based solely on kW and kWh savings. In a standard offer program, Project Sponsors may install any combination or quantity of eligible measures and receive up to the maximum incentive value in the Project Sponsor's agreement with Xcel Energy. Eligible measures are outlined later in this Manual, but generally include any long-lasting, permanently-installed equipment or building shell improvement that exceeds applicable local, state or federal minimum efficiency standards, that would not have been installed in the absence of this Program, and that will result in consistent electric energy savings for a minimum measure life. Project sponsors may choose to measure actual energy savings directly, or may utilize stipulated, or "deemed savings." There are PUCT-approved deemed savings values for most of the common measures installed in commercial applications (See the separate companion document entitled *M&V Guidelines for Retrofit and New Construction Projects* – hereinafter "*M&V Guidelines*" – for a complete list).

The Program is open to participation by a wide range of potential Project Sponsors. The PUCT has issued a wide range of rules and requirements governing the Commercial Standard Offer Program. The purpose of this manual is to identify and explain these program requirements, and act as a reference for Project Sponsors. Project Sponsors must read and comply with all governing rules and regulations, including those published by the PUCT (in particular, Subst. Rules §25.181 and §25.184.

# Program Description

## 4. Program Goals

While the main goals of the program are to reduce summer peak demand in Xcel Energy's Texas 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 Project Sponsors
- Minimize the burden of M&V requirements for the program by offering deemed or simple savings calculations for many measures where possible.

## 5. Eligibility

### 5.1. Eligible Project Sponsors

Any entity meeting the participation requirements that installs eligible energy efficiency measures at an eligible facility or group of facilities is eligible to participate in the program as a Project Sponsor. Eligible Project Sponsors include:

- National or local energy service companies (ESCOs)
- National or local companies that provide energy-related services (*e.g.*, contracting) or products (*e.g.*, lighting, HVAC equipment)
- Commercial property developers
- Design/build firms
- Individual customers who implement energy efficiency measures in their own facilities

To ensure that the program 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 the proposed project. Project Sponsors will be required to submit the following information as part of the application process:

- A description of the Project Sponsor firm, including relevant experience, areas of expertise and references.
- A work plan that covers the design, implementation, operation, and management of the project.
- Evidence of a good credit rating.
- Proof of applicable insurance, licenses and permits.

## 5.2. Eligible Customers

Eligible facilities are defined as new or existing customer sites located in Xcel Energy's Texas service territory with non-residential electricity distribution service provided by Xcel Energy. In the Commercial SOP, a large commercial customer shall mean a maximum demand at any individual meter greater than 100 kW, or a maximum aggregate demand equal to or greater than 250 kW. A small commercial customer shall mean less than 100kW or maximum aggregate less than 250 kW.

For the purposes of this Program, master-metered multi-family buildings are considered to be small commercial facilities, provided the maximum demand of that facility owned is less than 100 kW and that the aggregate demand of all of the customer's facilities is less than 250 kW. If the facility's (or facilities') demand exceeds these limits, then the multi-family building would qualify as a large commercial customer. For individually-metered multi-family properties, each dwelling unit is considered as a separate residential account, and the common areas are considered as either small or large commercial accounts, depending upon their maximum demand, as described above. More information about the Residential and Hard-To-Reach Standard Offer Program is available at [www.xcelenergyefficiency.com](http://www.xcelenergyefficiency.com).

## 5.3. 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:

- One project may involve the installation of measures at more than one customer site, if the customers and sites are similar. For example, installation of measures for retail clothing stores may include more than one customer, but may constitute a single project. 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 the current requirements for energy efficiency mandated by Senate Bill 5 (SB5), which was passed by the 2001 Texas Legislature. SB5 establishes the International Energy Conservation Code (IECC) 2001 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.

## 5.4. Eligible Measures

The program does not specify eligible measures in order to allow flexibility to Project Sponsors in packaging their services. **Table 1** provides some examples of eligible and ineligible Commercial measures.



**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"> <li>• Installation of high-efficiency chillers or packaged cooling units.</li> <li>• Air-side and water-side economizer</li> <li>• Fan and pump motor efficiency upgrades</li> <li>• Constant air volume (CAV) to variable air volume (VAV) conversion</li> <li>• Fan and pump variable speed drive (VSD) installations</li> </ul> <p><u>Commercial Lighting</u></p> <ul style="list-style-type: none"> <li>• Lighting controls to reduce operating hours (in conjunction with lighting efficiency measures only)</li> <li>• Traffic signal LED conversions</li> <li>• LED retrofits</li> <li>• Installation of premium-efficiency lighting in new construction projects</li> </ul> <p><u>Refrigeration</u></p> <ul style="list-style-type: none"> <li>• Refrigeration case doors</li> <li>• Energy-efficient refrigerators</li> <li>• Commercial refrigeration efficiency (multiplexing compressors and other refrigeration efficiency measures)</li> </ul> <p><u>Industrial Process</u></p> <ul style="list-style-type: none"> <li>• Motor-efficiency upgrades</li> <li>• Variable speed drive installations on industrial fans and pumps</li> </ul>	<ul style="list-style-type: none"> <li>• Stand alone controls or VSD projects</li> <li>• <b>CFLs are not eligible. --</b></li> <li>• Cogeneration and self-generation projects, except renewable technologies</li> <li>• Electric equipment with secondary power source (e.g., electric chiller with independent gas generator).</li> <li>• Fuel switching to electric</li> <li>• Thermal energy storage</li> <li>• Load reductions caused by building vacancies, decreased production, or other changes in occupant characteristics or behavior</li> <li>• Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls</li> <li>• Energy-efficient gas-only measures</li> <li>• New construction or expansion projects in facilities that do not comply with the International Energy Conservation Code</li> <li>• Showerheads and aerators</li> <li>• Repair and maintenance projects</li> <li>• Measures that rely solely on customer behavior or require no capital investment</li> <li>• Load Shifting</li> </ul>

Project Sponsors may propose innovative or non-traditional energy-efficiency measures. Xcel Energy will consider any measures that are not listed in **Table 1** for program eligibility on a case-by-case basis as long as 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<sup>1</sup>
- Measure may produce a measurable and verifiable electric demand reduction during the peak summer period or may reduce 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 have a **minimum useful life as specified in the PUCT recognized measure life table**, and
- Measure must **exceed minimum equipment standards** as provided in the program manual
- Renewable energy measures meeting the requirements of the PUCT's Energy Efficiency Rule (Substantive Rule 25.181) 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 rely on changes in customer behavior
- Measures that require no capital investment
- Measures that achieve savings through equipment maintenance, recommissioning or operational changes, without any equipment efficiency upgrades
- 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 Xcel Energy standard offer or market transformation program

Project incentives will be paid only for energy and demand savings directly related to end-use equipment installed under the project. Savings due to interactive effects between lighting measures and space-cooling equipment (in cases where lighting measures have been installed in an electrically cooled space) will be eligible for payment based on a stipulated value only. Interactive effects between other end-use equipment will not be eligible for program incentive payments.

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<sup>1</sup> 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.

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 has been installed prior to the execution of the SOP Agreement, the project, or the affected portions thereof, will be disallowed.

If the Project Sponsor proposes measures for which deemed savings values have not been approved by the PUCT, then incentives must be based on verified peak demand and/or energy savings using the International Performance Measurement and Verification Protocol (IPMVP). The IPMVP may be downloaded from [www.ipmvp.org](http://www.ipmvp.org). The *M&V Guidelines for Retrofit and New Construction Projects* (hereinafter “*M&V Guidelines*”) provide additional guidance on these alternate M&V approaches. The *M&V Guidelines* document is available at [www.texasefficiency.com](http://www.texasefficiency.com). Refer to TRM 6.0

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

## 6. Program Incentives

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

### 6.1. Available Budget

The total available incentive budget for program year 2023 is **\$390,200.00** for large commercial projects. The total official budget for each year, and the amounts reserved, will be available on the Program Web site prior to the beginning of each program year, and will be updated frequently.

### 6.2. Incentive Rates

The incentive rates for projects implemented under this standard offer program for both large and small projects are as follows:

	Incentive
kWh	\$0.07
kW	\$220

The kW payment is based on the summer 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 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 Federal holidays. 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, simplified M&V procedures, or determined through a detailed M&V plan. A separate document available on the [Program Web site](#) provides M&V guidelines for common measures, including deemed savings values and general M&V guidelines based upon the 2001 International Performance Measurement and Verification Protocol (IPMVP).

### 6.3. Efficiency Standards

Xcel Energy has designed the Commercial Standard Offer Program 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, where applicable.<sup>2</sup> The minimum baseline equipment efficiencies are derived from the standards listed in **Table 2**.

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<sup>2</sup> 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: Baseline equipment efficiency standards for retrofit measures**

<b>Equipment Type</b>	<b>Applicable Standard</b>
Cooling Equipment	International Energy Conservation Code (IECC), 2015
Lighting	Standard Lighting Wattage Table (based on 1992 EPACT)
Lighting – New Construction	International Energy Conservation Code (IECC), 2015
Motors	ASHRAE 90.1m-1995

For a definition of “baseline” and other terms used in this Manual, please consult the Glossary, included as Appendix A of this program manual. Minimum equipment baseline efficiency tables are included in the Appendices to the *M&V Guidelines*, which are available for download from the Web site. Additional information can also be obtained from ASHRAE ([www.ashrae.org](http://www.ashrae.org)).

DLC or ENERGY STAR qualification is no longer required, but wattage and rated life must be verified through independent lab testing (LM-79, LM-80, TM-21, and ISTMT). DLC or ENERGY STAR qualification will still be accepted in lieu of providing these lab reports.

For new construction projects, the Commercial Standard Offer Program requires the installation of equipment that is more efficient than is specified by code. The applicable baseline standard for all new construction measures is the IECC (see IECC 2015). Energy and demand savings for new construction measures are based on efficiency improvements beyond the minimum efficiency required by code.

#### **6.4. Energy Savings Measurement Options**

All payments to Project Sponsors 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. 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. Xcel Energy has developed recommended M&V guidelines for several common measures and will work with the Project Sponsor to identify M&V options appropriate to the specific project. Project Sponsors 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 Appendices to the *M&V Guidelines*, available on the Program Web site. The Project Sponsor 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 Web site 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 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 peak demand savings. More information about the IPMVP may be found on the Internet at [www.ipmvp.org](http://www.ipmvp.org). The *M&V Guidelines* on the Program Web site are a simplified version of this Protocol developed specifically for the Commercial SOP.

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

## **6.5. Project Funding Limits**

The minimum project size for large projects is 5 kW of peak demand savings. To ensure that incentives are available to multiple energy service providers, no Project Sponsor may reserve nor receive more than **20%** of the total Commercial Standard Offer Program incentive budget as of the Program start date. Xcel Energy reserves the right to waive this limitation if it determines that it impedes the ability to meet program goals.

A Project Sponsor may participate in multiple projects, subject to the 20% limitation. No Project Sponsor has unconditional entitlement to the SOP incentive funds.

## **6.6. Payment Procedures**

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

### **6.6.1. Deemed Savings Option**

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

### 6.6.2. Simplified M&V Option

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

### 6.6.3. 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 Project Sponsor 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 Xcel Energy's post-installation inspection results.

Xcel Energy 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 Project Sponsor measures and documents in its Savings Report and its accompanying finalized M&V Plan. 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 SOP Agreement, and will be calculated as follows:

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

Under no circumstances will Xcel Energy 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 SOP Agreement. If the Savings Report indicates that the measured savings are less than the estimated savings, then the total incentive payment will be less than the payment estimated in the Agreement. If the above formula results in a negative amount, the Project Sponsor must refund that amount to Xcel Energy within 45 days of the submittal of the Savings Report.

## 6.7. Maximum Project Load Factor

To limit payments for excessive off-peak energy savings, Xcel Energy has set the maximum incentive payment for each project based upon a project maximum annual load factor (energy savings / (demand savings \* 8,760)) of **60%**. This corresponds to payment for a maximum of 5,256 kWh of energy savings per every 1 kW of demand savings achieved, i.e., a maximum total incentive payment of \$598 per kW of peak demand savings (for both large and small projects).

### *Example*

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

$$(20 \times \$220) + (150,000 \times \$0.072) = \$15,200$$

However, with the load factor cap of 60%, the maximum incentive for this project is \$598 per kW of summer peak demand, or \$11,960.

## **6.8. Special Incentives Cases**

Projects involving fuel switching measures are subject to additional limitations on their total incentive payment.

### **6.8.1. Fuel switching measures**

Retrofit 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 the adjusted energy savings of the project. Energy savings are adjusted by the amount of new fuel consumption. Refer to the *M&V Guidelines* for Retrofit Projects (Available for download on the [www.texasefficiency.com](http://www.texasefficiency.com)) to determine how to calculate fuel switching demand and energy savings. As mentioned earlier, fuel switching to electric is not an eligible measure in the Commercial Standard Offer Program. In new construction projects, fuel switching to fossil fuel is not an eligible measure.



# Application Process

## 7. Program Participation Phases and Dates

### 7.1. Participation Phases

Participation in the Commercial Standard Offer Program involves five basic phases:

1. Submit an **Enrollment Application** for Xcel Energy to screen the potential project for eligibility and tentatively reserve incentive funding.
2. Prepare and submit a Project for **Pre-Approval**
3. Enter into a **Standard Contract (SOP Agreement)** with Xcel Energy
4. Install the project in **Work Completion Pending**. Project Sponsors using Full M&V then receive an initial incentive payment of ~ 40% of the total
5. Conduct any required measurement and verification (M&V) activities and submit the **Project for Final Approval** and receive a full 100% of payment in the Deemed Savings and Simplified M&V approaches, or a final energy and demand savings incentive (*Performance*) payment of up to 60% in the Full M&V approach

**Notwithstanding the turnaround times estimated for each step in the application process, time is of the essence. Project Sponsors should make every effort to respond to requests and submit required information within the shortest timeframe possible.**

### 7.2. Program Dates and Milestones

The program will start accepting submissions for Enrollment Applications on January 1, 2023. Enrollment Applications will continue to be accepted for the program until all funds have been committed or until completion of a project within the year would not be feasible. After this time, submitted applications will be placed on a waiting list. For program year 2023, project installation must be completed, and the project must be submitted no later than the close of business on **November 15, 2023**.

Note that in all cases, program dates and milestones specified in the SOP Agreement supersede this and any other documents.

## 8. Enrollment Application

### 8.1. Overview

As a first formal step in participating in the Commercial Standard Offer Program, Project Sponsors should submit an Enrollment Application. Submittal of Enrollment Applications will be made via the P3. By submitting the Enrollment Application, the Project Sponsor is requesting that Xcel Energy provide initial feedback concerning the project, and reserve incentives relating to the project savings.

The Enrollment Application includes several forms to be filled out by the Project Sponsor. These forms will be available electronically on the program website starting on the date posted on the website. Once the submit button is active, Project Sponsors may submit the application to Xcel Energy. Xcel Energy will utilize its mail server's time stamp to determine the order of receipt. Confirmation of the receipt of the application will be sent via return e-mail, within one business day.

Enrollment Applications will be accepted and reviewed by Xcel Energy on a first-come, first-served basis until all funds are committed. A summary of the contents of the Enrollment Application is provided below.

### 8.2. Required Information

The Enrollment Application requires the following information:

#### **Submitted via P3**

- **Project Sponsor Information Form** includes contact name, address, federal tax ID number, phone number, e-mail address;
- **Project Sponsor Qualifications Form** includes:
  - A brief statement of the Project Sponsor's capabilities and experience (500-word maximum);
  - Evidence of the Project Sponsor's financial strength and capability. This may include company description, trade references, and/or other information deemed appropriate by the Project Sponsor;
  - Evidence that Project Sponsor and any subcontractors possess all applicable licenses and insurance. Evidence includes a list of applicable licenses, license holders, license numbers and insurance certificates. Copies to be uploaded into the database.;
  - Three client/customer references for projects similar in nature to that proposed in this application (include contact name, address, phone number, and email address);
  - Disclosure of any legal judgments pending, or entered in the previous two years, by or against Project Sponsor, as well as a current list of pending litigation filed by or against Project Sponsor;

- **Project Description Form** to be uploaded into database includes:
  - A description of the proposed set of energy-efficiency measures, demand and energy savings, and incentive payment estimate;
  - A brief work plan presenting project design, M&V approach, implementation, and anticipated project timeline. The plan should demonstrate the ability to meet program implementation milestone schedule outlined in the previous chapter;

**Submitted to Xcel Energy electronically**, as appropriate, the following Supplemental Information must be received with submittal of the Enrollment Application forms above:

- Indication whether Project Sponsor has participated in another Texas utility's standard offer programs (listing all utilities and programs within the past three years);
- Supplemental hardcopy evidence that Project Sponsor and any subcontractors possess all applicable licenses and insurance

**Xcel Energy commercial customers acting as their own Project Sponsor are not required to demonstrate their technical or financial capabilities and experience, and do not need to include references or disclosure of legal judgments or litigation.**

The above application information will be submitted via the [www.xcelenergyefficiency.com](http://www.xcelenergyefficiency.com) Web site. The Enrollment Application pages of the Web site will be available starting on the date posted on the website. After that date, potential Project Sponsors will be able to register and begin inputting application data. Once this button is active, Project Sponsors can submit their completed Enrollment Application.

**In order for the Enrollment Application to be considered complete, Project Sponsor must review and indicate acceptance of the Acknowledgements on the on-line form, electronically sign and upload the form under the documents tab of the project.**

Xcel Energy will utilize its mail server's time stamp to determine the order of receipt. Confirmation of the receipt of the Enrollment Application will be sent via return e-mail. Initial project applications will be considered on a first-come, first-served basis.

### **8.3. Review of Enrollment Applications**

Xcel Energy will review the Enrollment Application for both Project Sponsor and measure eligibility. If a Project Sponsor's Enrollment Application is accepted, Xcel Energy will reserve the incentive funds for the applicant.

Xcel Energy may reject an Enrollment Application if:

- The application is received after November 15<sup>th</sup> of the program year;
- 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 application;
- Changes occur in laws or regulations directly affecting the proposed project or this Program;  
or
- Xcel Energy, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the Program.

If an application is found incomplete or insufficient, Xcel Energy may, at its sole discretion, reject it.

Xcel Energy may request clarification of, or additional information about, any item submitted as part of the Enrollment Application. Project Sponsors will have five days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, Xcel Energy may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal. Any Project Sponsor submitting an unsuccessful Enrollment Application may reapply by submitting another Enrollment Application. However, the Project Sponsor will lose its initial position in the order of submittal for incentive reservation purposes. After the application information has been reviewed by Xcel Energy, the Project Sponsor will be notified of its project award status. A typical review cycle for an Enrollment Application is 10 days.

On the Program's Web site, Xcel Energy will provide updates of the program's status and the availability of incentive funds. Enrollment Applications will be reviewed until available funds are fully reserved. After that, applications will be placed on a waiting list.

#### **8.4. Minimum Project Size**

The minimum project size is 5 kW of deemed or measured peak demand savings for large projects.

## 9. Project Initiation & Work Completion Pending

### 9.1. Overview

Once notified of Enrollment Application acceptance, the Project Sponsor has **45 days** to develop and submit a more detailed project for lighting-only projects and **90 days** for other projects.<sup>3</sup> The Project Initiation step describes the proposed energy efficiency measure installations in detail, including estimated demand and energy savings, and estimated incentive payments based on engineering analysis and site audit.

In addition, Project Sponsors using a Simplified or Measured (Full) M&V approach are required to develop an M&V plan for the project at this stage. The following sections provide guidance on the completion of the FA.

### 9.2. Required Information

Project Pre-Approval includes the following information:

#### **Submitted via Internet**

- Program **Equipment Survey Forms** are provided as standard templates for Project Sponsors completing equipment audits of retrofit equipment inventories for Project Initiation. Regardless of the M&V method selected, these forms should be used for all equipment information (operating schedule, equipment counts, applicable standard efficiencies, nameplate data, etc.). The following forms are available for use with this Program:
  - *Lighting Equipment Survey* for projects that involve lighting efficiency and lighting controls measures.
  - *Motor and Variable Speed Drive Equipment Survey* for projects that involve motor or variable speed drive measures.
  - *Cooling Equipment Survey* for projects that involve retrofits of cooling equipment.

Project Sponsors are able to upload this equipment survey data directly to the online database using the Survey Forms available online at the [Xcel Energy Commercial Program Web site](#). In general, each form consists of multiple columns with spaces for the Project Sponsor to input equipment counts, locations, operating schedules and sequences, equipment manufacturer, model number, rated capacity, etc. Information must be supplied for pre-installation and post-installation equipment. Additional information and step by step instructions on completing these forms are included in the individual Equipment Survey Forms themselves.

Any equipment not specified in the Survey Forms must still be listed in the Project Initiation with enough information for Xcel Energy's approval. Therefore, it is recommended that Project Sponsors work closely with Xcel Energy when surveying equipment not specified in the forms.

- **Updates** to the following:
  - **Project Sponsor Information Form**, if necessary;

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<sup>3</sup> Xcel Energy reserves the right to shorten the 45/90-day time allowances to ensure that all projects will be installed and installation reports are submitted by the November 15, of the program year deadline.

- **Customer Site Information Modal** updated with more detailed information about the proposed energy efficiency measures and their associated savings;
- **Project Description Form** updated with a finalized work plan for project design, implementation, operation, and management, including the anticipated project timeline/Installation Schedule. It should demonstrate the ability to meet the Installation Report deadline of November 15, of the program year;

**Submitted to Xcel Energy electronically**, the following Supplemental Information must be received as part of the Internet submittal of the Pre-Approval forms above:

- **Site Profiles** for each site with energy and demand savings claimed in the project. Site schematics and additional site information, such as building occupancy and equipment operating schedules, should be provided as appropriate;
- **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 the schedule for conducting and reporting on M&V activities (Not required for stipulated savings-only projects). In some cases, pre-installation M&V activities may be required to accurately estimate savings;
- Fully-executed **Project Sponsor-Customer Agreement(s)** from customers contracting with a Project Sponsor for each customer site involved in the project. Agreement(s) must be signed by the Project Sponsor and Customer (Not required if Customer is self-sponsored). If a copy of the Project Sponsor-Customer Agreement is not provided to Xcel Energy within the required timeframe, Xcel Energy may terminate its contract with the Project Sponsor and withdraw the incentive budget reservation for that project;
- **Savings Calculations** updated and further substantiated with a list of methods, assumption or engineering calculations used to derive the energy and demand savings of each measure. Calculations should be based on the efficiency of the proposed equipment compared to that of new, minimum-standard efficiency equipment and must be consistent with the proposed M&V Plan described above

### 9.3. Review of Projects for Pre-Approval

As part of the Pre-Approval review process, Xcel Energy will review the eligibility of the proposed measures, the accuracy of the savings estimates, and the comprehensiveness of the M&V Plan. Xcel Energy may request clarification of or additional information about any item in the application. Project Sponsors will have 5 days to respond to such requests. If the clarification or additional information is not forthcoming, Xcel Energy may choose to discontinue its evaluation of the application.

Failure to submit the application on time may result in loss of reserved funding. Project Sponsors who do not meet the deadline for submitting a project may again file an Enrollment Application for the same or different project, subject to availability of funds, the size of any project waitlist, or ability of project to be completed by the installation deadline.

If incentive estimates in Project Pre-Approval differ from the incentive funds reserved in the Work Completion Pending, the Final Approval savings and incentive estimates will take precedence over the Enrollment Application, as the Final Approval should include a more

detailed and accurate estimate of demand and energy savings. When Final Approval estimates are lower than those approved in Pre-Approval Pending, the reserved incentives will be adjusted downward accordingly, and excess incentive funds returned to the remaining program incentive budget.

In some cases, Final Approval savings and incentive estimates may be higher than approved in Pre-Approval. If all incentive funds have been reserved, and projects are waitlisted, the project will be limited to the funds reserved in the Enrollment Application. A typical review cycle, including the inspection, for a Final Approval is 14 days.

#### 9.4. Pre-Installation Inspection

In addition to the application review discussed above, Xcel Energy may conduct a baseline inspection of the project site at its own discretion as part of the Final Approval review process. The purpose of the inspection is to verify the baseline conditions documented in the application and the eligibility of the proposed measures. The pre-installation inspection requires the presence of at least one Project Sponsor representative who is familiar with the project so that all parties can identify any discrepancies simultaneously. The inspection will verify the following information:

- The accuracy of the baseline equipment survey. For most measures the accuracy of the equipment quantity and nameplate information is verified. For lighting measures, the requirement for acceptance is that the total projected energy savings of the sample of fixtures inspected must be within  $\pm 5\%$  of the total projected energy savings of the same fixtures submitted on the survey form.
- The M&V plan is appropriate for the measure, and any necessary pre-installation M&V activities are being performed.
- All existing equipment listed in the Final Approval is still in place and operational.
- New equipment installation, or old equipment removal, has not begun.

If electrical measurements are necessary, the Project Sponsor'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 proposed baseline conditions cannot be verified, the project will be rejected.

#### 9.5. Xcel Energy – Project Sponsor SOP Agreement

Once the project has passed pre-installation inspection (if conducted) and the Final Approval has been approved, Xcel Energy will provide an electronic copy of this Standard Contract to the Project Sponsor. The terms of the Contract will be **standard** for all Project Sponsors and are non-negotiable. The Contract will include the measures to be installed, estimates of demand and energy savings, a maximum incentive payment associated with the project, and the approved M&V approach. The approved Initial and Final Approvals will become attachments to the Contract. The Project Sponsor will execute the agreement by uploading a signed copy of the Agreement signature page into the database.

Once the Standard Contract is executed between the Project Sponsor and Xcel Energy and the Project Sponsor has received a notification to proceed from Xcel Energy, the Sponsor's primary

obligations are to:

- Install the project and/or measures and submit an Installation Notice to Xcel Energy.
- Implement the approved M&V plan and submit a Savings Report to Xcel Energy.

The executed Standard Contract obligates Xcel Energy to:

- Review the Sponsor's Installation Report and Savings Report.
- Make 40% of the contracted incentive payment after approval of the Installation Report.
- Make the remainder of the incentive payment after approval of the Savings Report. A copy of the terms of the Standard Contract will be made available for download from the Program Web site.

The SOP Agreement and Project Sponsor-Customer Agreement outlined in this section are required before installing any measures. A notification to proceed will not be issued until they have been received by Xcel Energy and are deemed to be complete and in order.



## 10. Final Approval

### 10.1. Overview

After Pre-Approval and upon project installation, while the project is in Work Completion Pending, Project Sponsors must submit the project for Final Approval.

#### **Submitted via Internet**

- **Installation Completion Dates** for each measure type; and
- **Updates** to the following:
  - **Project Sponsor Information Form**, if necessary;
  - **Project Description Form** finalized. Information submitted via the internet here may be supplemented with electronic information submitted to Xcel Energy with internet submittal of the project;
  - **Customer Site Information Form**. If information and savings estimates have not changed since the approval of the Final Approval, the forms submitted and approved with the Final Approval may be resubmitted;
  - **Equipment Survey Forms**. The on-line survey forms will retain all information regarding pre-installation and post-retrofit equipment from the Final Approval phase and can simply be resubmitted if no updates are necessary. Forms are accessible from the Customer Site Information section of the on-line project.

**Submitted to Xcel Energy electronically**, as appropriate, the following **Supplemental Information** must be received with Internet submittal of the project forms above:

- **Savings Calculations** revisions if they have been updated since the Final Approval;
- **Site Profiles** if necessary, otherwise the Project Sponsor may simply reference the Final Approval when completing this section;
- **Final project-specific M&V Plan** updating the measurement and verification procedures, calculation methods, and schedule (Not required for stipulated savings-only projects);
- **Certification Page** affirming that the energy efficient equipment associated with the project has been installed and has been properly commissioned. The Project Sponsor and the Host Customer must sign one form for each customer site involved in the project.

Project installation must be completed and an project must be submitted no later than the close of business November 15, of the program year. A typical review cycle for an project is 30 days.

### 10.2. Post-Installation Inspection

Xcel Energy will contact the Project Sponsor and conduct a post-installation inspection of the project(s) after receipt of the project. The post-installation inspection requires the presence of at least one Project Sponsor representative who is familiar with the project. The inspection shall verify that:

- The equipment has been installed and is operating as described in the Installation Report. For most measures, the accuracy of the equipment quantity and nameplate information is verified. For lighting measures, the requirement for acceptance is that the total energy

savings of the sample of retrofitted fixtures inspected must be within  $\pm 5\%$  of the total projected energy savings of the same fixtures submitted on the Installation Report.

- The M&V plan is being followed in accordance with the approved Final Approval.

If electrical measurements are necessary, the Project Sponsor'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.

### **10.3. Performance Payment**

After approval of the Project, the Project Sponsor may submit an invoice for the performance payment. For measures using Deemed Savings or Simplified M&V, 100% of the incentive payment will be payable after approval of the Savings Report. In the case of Full M&V, this payment is based on the project's verified measured savings minus the amount paid in the installation payment. The total of the incentive payments for Full M&V measures (installation payment plus performance payment) cannot exceed the incentive payment listed in the SOP agreement. The performance payment is made typically within 45 days following approval of the project, and is subject to the results of Xcel Energy's post-installation inspection. If the total project savings as produced through measurement and verification activities result in an incentive that is less than any previous installation payment, the Project Sponsor must refund the difference to Xcel Energy within 45 days of the submittal of the project.

### **10.4. Submittals**

Electronic application and report submittals will be accomplished via the program website at [www.xcelenergyefficiency.com](http://www.xcelenergyefficiency.com). Applicants will receive an email confirmation of submittal receipt. Xcel Energy must receive all required electronic materials (equipment inventories, raw metered data, savings calculation spreadsheets, signed original agreements, M&V plan, and supporting information such as site plans) with the electronic submittal. Error! Reference source not found. summarizes the mechanisms for application submittals.

# Other Program Information

## 11. Other Program Information

### 11.1. Program Contact

For questions or comments relating to the Xcel Energy Commercial Standard Offer Program, please contact Bryan Whitson, Program Manager, at 806/378-2887 or via email at [Bryan.J.Whitson@xcelenergy.com](mailto:Bryan.J.Whitson@xcelenergy.com).

### 11.2. Participation Costs

Xcel Energy will not reimburse any Project Sponsor for any costs incurred by participating in the Commercial Standard Offer Program, including the costs of preparing any application or submittal, or reviewing the Standard Contract.

### 11.3. Confidentiality

The Xcel Energy Commercial 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 Xcel Energy receives. Sensitive company and project information submitted by the Project Sponsor to Xcel 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. Xcel Energy will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

### 11.4. Submission of False Information

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

### 11.5. Program Website

The Commercial Standard Offer Program Web site at [www.xcelenergyefficiency.com](http://www.xcelenergyefficiency.com) will serve as the primary source for all updated program information and materials. The Web site will include:

- Information describing the program design and requirements.
- Contact information to receive more information about the program.
- Status updates on program funding available and committed.
- Online application forms.
- Downloadable program procedures, M&V guidelines, and submittal forms.

### 11.6. Program Promotion and Outreach

Xcel Energy will conduct outreach for this program by providing complete program information and application materials and instructions on the Internet.



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## Appendix A: Glossary

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The following are definitions to commonly used terms in the Xcel Energy Commercial Standard Offer Program:

**- A -**

**Affiliate:** For purposes of the Xcel Energy Commercial Standard Offer Program, an Affiliate is:

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

## - B -

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

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

## - C -

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

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

## - D -

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

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

## - E -

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

**Energy Efficiency Project:** An energy efficiency measure or combination of measures installed under a standard offer contract or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.

**Energy Efficiency Service Provider:** A person who installs energy efficiency measures or performs other energy efficiency services. An energy efficiency service provider may be a retail electric provider or a customer, if the person has executed a SOP Agreement.

**Energy Savings:** A quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced as a result of the installation of qualifying energy-efficient equipment. Energy savings are determined by comparing the efficiency of the installed equipment to that of new standard-efficiency equipment—not to that of the customer's existing equipment (except in cases where no standards currently exist).

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

## - H -

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

## - I -

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

**Installation Payment:** The first of two incentive payments made to a project sponsor. The installation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A project sponsor may submit an invoice for this payment following Xcel Energy's approval of the project sponsor's Installation Report.

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

## - M -

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

**Measured Capacity Savings:** The maximum average load reduction occurring during any one-hour period between 1 p.m. and 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded), as determined in accordance with the project sponsor's Measurement and Verification Plan.

**Measured Energy Savings:** The Energy Savings derived during a single year, from the Measures installed at the Project Site as determined in accordance with project sponsor's Measurement and Verification Plan.

## - P -

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

**Peak Period:** For the purposes of this Program, the peak period is defined as the hours from 1 p.m. to 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded).

**Performance Period:** The period following the approval of a project sponsor's Installation Report, during which measurement and verification are to take place. Peak demand and energy savings measured over this period form the basis of the performance payment made to the project sponsor at the end of the year.

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

**Post-Installation Inspection:** An inspection of a project site or sites conducted by Xcel Energy after a project sponsor has submitted a monthly invoice. The purpose of the inspection is to verify that the energy-efficiency equipment specified in the SOP Agreement has been installed properly and is capable of performing its intended function. Xcel Energy's approval of the invoice is contingent upon the results of the post-installation inspection.

**Project:** All the energy-efficient measures and any associated equipment and/or improvements that are installed, maintained and/or operated by the project sponsor to achieve the energy savings claimed for the project.

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

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

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



## - R -

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

## - S -

**Small Commercial Customers:** Retail non-residential customers with a maximum demand that does not exceed 100 kW. Multiple-account customers, under common ownership with an aggregated load of greater than 250 kW are excluded from this definition.

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