

El Paso Electric Energy Efficiency

Standard Offer Programs - Opportunities for Energy Efficiency

El Paso Electric
Energy Efficiency

December 2007

Background - Utility Energy Efficiency Programs

- 1980's - electric utilities sponsored programs focused on rebates.
- 1990's - blocks of kW and kWh reduction were bid out through competitive solicitation.
- 2000's - standard offer and market transformation programs.

What Is a Standard Offer Program?

- Program administrator (electric utility) offers set incentive payment to participants for each kWh or kW saved through installation and operation of an energy efficiency measure.
- Program administrator signs a standard contract with participants outlining their responsibilities under the program.

Definitions

Customer: any distribution service residential, commercial or industrial customer of a utility administrator. Customer may take electric energy service from any provider.

Project: a set of energy efficiency measures installed at one or several similar electric utility distribution customer sites.

Project Sponsor: an entity contracting with Program Administrator to provide energy efficiency services at a customer site.

What is a Standard Offer Program?

- Applications considered on per-project basis; first-come, first-served.
- Number of participants limited only by available incentive dollars.
- Incentive payments are made to Project Sponsor.
- Project Sponsor and customer determines efficiency measures to be installed.
- Different from rebates: based on performance, not prescriptive technologies.

Standard Offer Programs

These program templates have been approved by the PUC:

- Commercial and Industrial SOP
- Small Commercial and Residential SOP
- Hard-To-Reach SOP

Commercial and Industrial Standard Offer Program

- Targets customers with maximum demands that exceed 100 kW.
- No Project Sponsor can receive more than 20% of annual incentive budget.
- Each project must reduce a minimum of 20 kW.
- Comprehensive projects are encouraged. Lighting savings limited to 65% of each project.

El Paso Electric 2008 Goals

Customer Class	MW
Residential	0.81
Hard to Reach	0.32
Small Commercial	0.41
Large Commercial	1.98
Total	3.52

El Paso Electric Budget

Program	2008 Estimated/ Preliminary/Allocated Incentive Budgets*	Unused 2007 Incentive Roll-over* (Estimated)	\$/kW	\$/kWh
Large Commercial / Industrial (Large C&I) Standard Offer Program	\$398,116	\$344,770	\$194.60	\$0.0665
* Incentive budgets are subject to change.				

Who is the Program Administrator?

Energy efficiency programs
will be administered by the
investor-owned utility:

El Paso Electric Company

Program Administrator Responsibilities

- Perform outreach to energy services community;
- Review project applications;
- Sign contracts with Project Sponsors;
- Perform pre- and post-installation inspections;
- Make payments to project sponsors;
- Report results to Public Utility Commission.

Who Can Be a Project Sponsor?

- Energy service companies (ESCOs);
- Local contractors;
- Architecture/engineering firms;
- Renewable energy project developers;
- National or local companies that provide energy-related products (e.g., lighting or HVAC);
- Commercial and Industrial Customers acting as their own Project Sponsor;

Project Sponsor Qualifications

- **Statement of professional experience doing similar work**
- **Evidence of financial strength and capability**
- **Work plan for project design, implementation, operation and management**
- **Proof of insurance**
 - **Commercial General Liability**
 - **Minimum \$1,000,000 / occurrence limit**
 - **Minimum \$2,000,000 / general aggregate limit**
 - **Auto**
 - **Minimum \$1,000,000 / occurrence**
 - **Workers' Compensation**
 - **Minimum \$500,000**
 - **A.M. Best Rating of A- VI or better**

<http://www.ambest.com/>

Project Sponsor's Responsibilities

- Meeting minimum eligibility criteria;
- Submitting Initial and Final Project Application forms;
- Executing and complying with the terms of EPE's SOP Agreement;
- Comply with all SOP rules and procedures;
- Conduct marketing activities and sign contracts with individual customers;
- Apply for incentives;
- Sign standard contract with utility administrator;
- Design and install energy efficiency project;
- Measure and verify energy savings;
- Report savings to Program Administrator.

Project Sponsor's Responsibilities

Required to provide the following:

- All applicable licenses required under state law and local building codes;
- Evidence of all building permits required by governing jurisdictions
- Evidence of all necessary insurance;
- All Project Sponsors, except large commercial or industrial Customers of EPE who are proposing to act as their own Project Sponsors, need to also provide the following:
 - Evidence of good credit rating;
 - List of references;
- Listing of all Texas utility standard offer programs in which the Project Sponsor and any Affiliates have participated in the last three years;
- Disclosure of all legal actions and judgments by or against Project Sponsor pending or filed, settled, satisfied, or entered in the two years immediately preceding the submittal of the Initial Application;

Eligible Customers

- Any EPE non-residential distribution Customer;
- Maximum demand that exceeds 100 kW at any one facility, or a total demand of at least 250 kW at all facilities owned by the same Customer.

Eligible Energy Efficiency Measures

- Must produce measurable and verifiable demand and energy reduction;
- Must produce savings through and increase in energy efficiency or a substitution of another energy source for electricity;
- Retrofits only, except for renewable DSM measures;
- Minimum of 10 year measure life;
- Measure must meet or exceed minimum equipment standards.

Eligible Measures - Examples

- Commercial Cooling and Ventilation
 - Installation of high-efficiency chillers or packaged cooling units;
 - Air-side and water-side economizer;
 - Fan and pump motor efficiency upgrades;
 - Constant air volume (CAV) to variable air volume (VAV) conversion;
 - Fan and pump variable speed drive (VSD) installations.

Eligible Measures - Examples

- Commercial / Industrial Lighting
 - High-efficiency fluorescent lighting that replaces less efficient lighting;
 - Lighting controls to reduce operating hours (in conjunction with lighting efficiency Measures only);
 - Compact fluorescent lamps (CFLs) with hard-wired ballasts or permanent disks;
 - Traffic signal LED conversions;
 - LED exit sign retrofits;
 - Installation of premium-efficiency lighting in new construction projects.

Eligible Measures - Examples

- Refrigeration
 - Refrigeration case doors;
 - Energy-efficient refrigerators;
 - Commercial refrigeration efficiency (multiplexing compressors and other refrigeration efficiency Measures).
- Industrial Process
 - Motor-efficiency upgrades;
 - Variable speed drive installations on industrial fans and pumps.

Ineligible Measures or Projects

- Measures with an expected life of less than 10 years;
- CFLs without hard-wired ballasts or permanent disks (anti-theft locking devices utilizing a key-removable insert are not eligible);
- Cogeneration and self-generation projects, except renewable technologies;
- Electric equipment with secondary power source (e.g., electric chiller with independent gas generator);
- Showerheads and aerators;
- Fuel switching to electric;
- Load reductions caused by building vacancies, decreased production, or other changes in occupant characteristics or behavior;
- Measures that decrease building plug loads, such as "Green Plugs" or computer inactivity time-out controls;
- Energy-efficient gas-only Measures.

Ineligible Measures or Projects

- New construction or expansion projects in facilities that do not comply with the International Energy Conservation Code;
- Repair and maintenance projects;
- Measures that rely solely on customer behavior or require no capital investment;
- Load Shifting;
- Measures that receive an Incentive Payment through any other SOP offered by EPE;
- Thermal energy storage.

Innovative or Non-traditional Energy-Efficiency Measures

- Produce a measurable and verifiable reduction in either purchased electric energy, measured in kWh, or Peak Demand, measured in KW, or both.
- Produce savings through an increase in energy efficiency or a substitution of electricity at the end-use by another energy source (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 PUCT's Energy Efficiency Rule (Substantive Rule 25.181) may qualify for an Incentive Payment.
- Measure must have a minimum useful life of 10 years.
- Measure must meet or exceed minimum local, state or federal or other efficiency standards as provided in this Program Manual.

Efficiency Standards

Equipment Type	Applicable Standard
Cooling Equipment	International Energy Conservation Code (IECC), 2000 and its 2001 Supplement, which corresponds to ASHRAE 90.1-1999
Lighting	Standard Lighting Wattage Table (based on 1992 EPACT and subsequent modifications)
Motors	ASHRAE 90.1m-1995

Energy Savings Measurement Options

- Baseline is federal standard or typical practice (where applicable)
- Deemed or Stipulated Savings;
- Simplified M&V;
- Measured Savings (Full M&V)
 - In accordance with International Performance Measurement Verification Protocols (IPMVP).

Project Funding Limits

- Minimum Project size is 20 kW of Demand Savings;
- Project Sponsor - 20% limitation on incentive budget;
- Program start date of January 8, 2008;
- Projects completed by Dec. 1, 2008.

Payment Procedures

- Deemed Savings Option
 - Project Sponsor receives 100% of the Incentive Payment within 45 days after submitting an "Installation Report."
- Simplified M&V Option
 - Typically requiring only limited and short-term M&V.
 - Project Sponsor receives up to 100% of the Incentive Payment within 45 days after submitting a Savings Report and invoice, subject to EPE's Post-Installation Inspection and Simplified M&V results.
- Measured Savings Option – Two Payments
 - Installation Payment - 40% of the total estimated Incentive Payment.
 - Performance Payment - up to 60% of the total estimated Incentive Payment Measured Savings Option.

Lighting Measures

- No more than 65% of Demand Savings and Energy Savings may be derived from lighting Measures, including lighting efficiency, lighting controls, and lighting interactive savings.
- More than 65% of a Project's Demand Savings and Energy Savings, they will receive Incentive Payments up to a *maximum* of 65% of the total calculated Incentive Payment for the Project.

Fuel Switching

Retrofit Projects involving fuel switching (i.e., electric chillers to gas or absorption chillers) are eligible for the C&I SOP, provided such a Project results in overall lower energy costs, lower energy consumption, and the installation of high-efficiency equipment.

Application Process

- Initial Application – Submitted via Internet
 - Project Sponsor Information Form;
 - Project Sponsor Qualifications Form;
 - Project Description Form;
 - Customer Site Information Form;
 - Preliminary Savings Calculations Form;
 - Submitted to EPE as hardcopy or electronically.

Application Process

- Proof of insurance (Certificates) – Provided directly by Project Sponsor's insurance company within 10 business days of Sponsor Application Submittal.
 - Commercial General Liability
 - Minimum \$1,000,000 / occurrence limit
 - Minimum \$2,000,000 / general aggregate limit
 - Auto
 - Minimum \$1,000,000 / occurrence
 - Workers' Compensation
 - Minimum \$500,000
 - A.M. Best Rating of A- VI or better

Application Process

- Final Application - Submitted via Internet
 - Equipment Survey Forms
 - *Lighting Equipment Survey*
 - *Motor and Variable Speed Drive Equipment Survey*
 - *Cooling Equipment Survey*
 - Updates to the following:
 - Project Sponsor Information Form, if necessary;
 - Customer Site Information Form Project Description Form

Application Process

Within ten (10) business days of Internet submittal of the FA, Project Sponsor must provide:

- Site Profiles;
- Proposed Project-specific M&V Plan;
- **Fully-executed Project Sponsor-Customer Agreement(s);**
- Savings Calculations.

Pre-Installation Inspection

- Verify the accuracy of the Baseline equipment survey.
- Determined if the M&V plan is appropriate.
- All Existing Equipment listed in the FA is still in place and operational.
- New equipment installation, or old equipment removal, has not begun.

EPE – Project Sponsor SOP Agreement

- Once the Project has passed pre-installation inspection and the FA has been approved, EPE will forward a copy of the SOP Agreement to the Project Sponsor.
- **THE TERMS OF THE SOP AGREEMENT WILL BE STANDARD FOR ALL PROJECT SPONSORS AND ARE NON-NEGOTIABLE.**
- A copy of the terms of the SOP Agreement will be made available for download from the [Program website](#).

Reporting and Payment Procedures

Installation Report - Submitted via Internet

- Installation Completion Dates for each Measure type;
- Updates to the following:
 - Project Sponsor Information Form, if necessary;
 - Project Description Form finalized;
 - Customer Site Information Form;
 - Equipment Survey Forms.
- Submitted to EPE as hardcopy or electronically:
 - Savings Calculations revisions;
 - Site Profiles if necessary;
 - Updated Final Project-specific M&V Plan;
 - Certification Page.

Post-Installation Inspection

- Requires presence of Project Sponsor representative during inspection.
- Verify that equipment has been installed and is operating as described in the Installation Report.
- Verify if M&V plan is being followed in accordance with the approved FA.

Installation Payment

- 40% of the Incentive Payment estimate approved in the Installation Report .
- Payment is made typically within 45 days following approval of the Installation Report.

Savings Report

- Project Sponsors using Deemed Savings, the Savings Report is a simple on-line form confirming what was submitted with the Installation Report. Since no M&V activities are required with Deemed Savings, the Savings Report is typically submitted at the same time as the Installation Report.
- Simplified or Measured Savings approaches, the Project Sponsor should submit a Savings Report after all M&V activities are complete.
- Simplified and Measured Savings approaches, the Savings Report documents the Verified Project Demand Savings and Energy Savings with Supporting Data and Calculations.
- The Project Sponsor within ten (10) days to certify that the verified Demand Savings and Energy Savings submitted are accurate.

Performance Payment

- Measures using Deemed Savings or Simplified M&V, 100% of the Incentive Payment will be payable after approval of the Savings Report.
- Performance Payment is issued, based on the Project's verified Measured Energy Savings and Measured Demand Savings minus the amount paid in the Installation Payment.
- Performance Payment is made typically within 45 days following approval of the Savings Report.

Other Program Information

- Reimbursement of Expenses - EPE will not reimburse any Project Sponsor for any costs incurred by participating in the SOP.

Questions????

Contact

John D. Armstrong
Principal Commercial Utilization Specialist
El Paso Electric Company
P.O. Box 982
El Paso, Texas 79960
915-543-5809
915-521-4729 FAX
jarmstro@epelectric.com