



Appendix A: Glossary

NOTE: The terms and definitions used in this Glossary and throughout the SOP Manual and other SOP Agreement documents have not been adopted verbatim from the definitions in the PUCT's rules. These terms and definitions have been drafted to be specific to EPE's SOP and its service territory, and are consistent with the intent of the PUCT's rules and templates.

- A -

Affiliate: For purposes of the EPE Commercial Standard Offer Program, an Affiliate is:

- (A) a person or entity who directly or indirectly owns or holds at least 5.0% of the voting securities of an Energy Efficiency Service Provider;
- (B) a person or entity 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 or entity who actually exercises substantial influence or control over the policies and actions of an Energy Efficiency Service Provider;
- (G) a person or entity over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) a person or entity 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 or entity 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 the purpose of determining Energy Savings for equipment replacement Projects implemented 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. The Baseline may be determined by the Existing Equipment or conditions currently in place: (a) when federal energy efficiency standards do not apply, or (b) when the Existing Equipment can be shown by the Project Sponsor to have a remaining service life of at least ten years. For determining Energy Savings for building shell improvements, the baseline is generally determined by the building's current condition, i.e. existing insulation R-values, air infiltration rates, etc.

Budget Reservation: The amount of Incentive Payment funds EPE sets aside for a Project Sponsor who has submitted a successful Project Application.

- C -

Commercial Customer: For the purpose of this SOP, is defined as a non-residential EPE distribution customer.

- D -

Deemed or Stipulated Savings: A pre-determined, validated estimate of Energy Savings and Demand Savings attributable to an Energy Efficiency Measure in a particular type of application that a utility may use instead of Energy Savings and Demand Savings determined through measurement and verification activities.

Demand Savings: The maximum average load reduction occurring during any one-hour period between 1:00 PM and 7:00 PM MDT weekdays, from May 1 through September 30 (holidays excluded) as the result of the installation of qualifying Energy Efficiency Measures at a Project Site(s). The Demand Savings are measured against a predetermined Baseline for Deemed Savings Measures.

- E -

Energy-Efficiency Measures (EEMs or Measures): Equipment, materials, and/or systems that, when installed and used at a Customer Site, result in Demand Savings and Energy Savings.

Energy Efficiency Measures do not include equipment, materials, or systems that are installed as a part of new construction of a building, structure, or other facility, unless specifically authorized by EPE.

Energy Efficiency Project: An Energy Efficiency Measure or combination of Measures installed under an SOP Agreement 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 (EESP): A person or entity that installs Energy Efficiency Measures or performs other energy efficiency services. An Energy Efficiency Service Provider may be a Customer, if they have executed an SOP Agreement.

Energy Savings: The amount by which energy consumption is reduced as a result of the installation of qualifying Energy Efficiency Measures at the Project Site(s). Energy Savings are determined by comparing the efficiency of the installed Measures to that of an appropriate Baseline.

Existing Equipment: The equipment that is installed at the Customer's site prior to the Customer's participation in the SOP.

- F -

Final Application (FA): The FA provides the Project Sponsor's detailed plans for implementing a Project. Upon EPE's approval of the IA, Project Sponsor shall submit the FA to EPE, which contains a detailed equipment survey of the Existing Equipment and proposed equipment that includes name plate data, equipment location, and operation information, and describes the proposed Energy Efficiency Measure installations in detail, including the Project Sponsor's final M&V Plan, estimated Demand Savings and Energy Savings, and estimated Incentive Payments based on engineering analysis and site audit.

- H -

Host Customer or Customer: For purposes of the Commercial SOP, a Host Customer is a commercial distribution customer of EPE.

- I -

Incentive Payment: Payments available to be earned by a Project Sponsor based on the level of approved Demand Savings and Energy Savings (expressed as kW and kWh). Incentive Payment rates are based on PUCT approved avoided costs and incentive caps.

Initial Application (IA): The application submitted by an applicant to express intent to participate as a Project Sponsor in the SOP. The IA contains information on the Project Sponsor, proposed Project(s), proposed EEMs, and Demand Savings and Energy Savings estimated to result from the proposed Project(s). The Demand Savings and Energy Savings estimates are used to reserve Incentive Payment funds for the proposed Project(s).

Installation Payment: The first of two Incentive Payments available to be earned by a Project Sponsor that uses the Measured Savings approach under the terms of an SOP Agreement. The Installation Payment is for 40% of the total estimated Incentive Payment amount as specified in the SOP Agreement. A Project Sponsor may submit an invoice for this payment following EPE's approval of the Project Sponsor's Installation Report.

- M -

Measure: *see* "Energy Efficiency Measure."

Measurement and Verification Plan: The Project Sponsor's specific plan for verifying Measured Energy Savings and Measured Demand Savings estimates. The Measurement and Verification (M&V) Plan shall be consistent with the International Performance Measurement and Verification Protocol (IPMVP).

Measured Demand Savings: The maximum average load reduction occurring during any one-hour period between 1:00 PM and 7:00 PM MDT weekdays, from May 1 through September 30 (holidays excluded), as determined in accordance with the Project Sponsor's Measurement and Verification Plan set forth in Exhibit D of the SOP Agreement.

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 set forth in Exhibit D of the SOP Agreement.

- P -

Peak Demand: The electrical demand at the Peak Period time measured in 30-minute intervals.

Peak Period: For the purposes of this Program, the peak period is defined as the hours from 1:00 PM to 7:00 PM 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. Demand Savings and Energy Savings measured over this period form the basis of the Performance Payment made to the Project Sponsor at the end of the M&V process.

Performance Payment: The second of two Incentive Payments available to be earned by a Project Sponsor using the Measured Savings approach under the terms of an SOP Agreement. The Performance Payment is based on the one-year Measured Energy Savings documented in EPE's M&V Report and may be up to 60% of the total estimated Incentive Payment included in the SOP Agreement.

Post-Installation Inspection: An inspection of a Project Site or Sites conducted by EPE after a Project Sponsor has submitted the Installation Report and/or the Savings Report depending upon Measurement Option used. The purpose of the inspection is to verify that the Measures specified in the SOP Agreement have been installed and are capable of performing their intended function. EPE's approval of any Incentive Payment is contingent upon the results of the Post-Installation Inspection.

Program Manual or Manual: The complete set of EPE Commercial SOP materials, including but not limited to the program description, procedures, appendices and forms.

Project: *see* “Energy Efficiency Project.”

Project Application (PA): The Project Application consists of two applications: the Initial Application (IA) and the Final Application (FA). The Project Application is a set of standard forms submitted to EPE by an applicant wanting to participate in the SOP 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 description of the proposed Project and Demand Savings and Energy Savings estimated to result from the Project.

Project Sponsor: Any Energy Efficiency Service Provider that enters into an SOP Agreement with EPE.

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 -

Standard Offer Program (SOP): A program under which a utility administers standard offer contracts between the utility and Energy Efficiency Service Providers.

SOP Agreement: A written agreement entered into by the Project Sponsor and EPE following EPE's approval of the Project Sponsor's Final Application and Project-specific Measurement and Verification (M&V) Plan. The SOP Agreement specifies the Energy Efficiency Measures to be installed, the expected Demand Savings and Energy Savings, the expected total Incentive Payment, and the agreed-upon M&V approach.