



Emergency Load Management
Standard Offer Program

2007

Program Manual

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Final Version

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This manual summarizes the goals, pricing and application process of the ONOCR Electric Delivery Emergency Load Management Standard Offer Program (SOP). It includes information about eligibility requirements, incentive payments, the participation process, and descriptions and samples of enrollment materials developed by ONCOR Electric Delivery for participants. The information included in this manual is subject to change. The latest information and application forms can be found on the SOP website at www.oncor.com/efficiency by selecting the Emergency Load Management SOP link.

LM 1 Introduction

ONCOR Electric Delivery Company (“ONCOR Electric Delivery”) is a dependable energy delivery business. We deliver electricity to approximately 2.7 million customers of retail electric providers in Texas. These customers are located in the north, central, east and west Texas areas. Subject to governmental regulation, we offer access to one of the largest energy infrastructures in the world -- over 13,000 miles of electrical transmission lines and some 91,000 miles of distribution lines. ONCOR Electric Delivery employees are responsible for maintaining and upgrading the infrastructure, which is crucial to the economic well-being of our society.

The ONCOR Electric Delivery Emergency Load Management Standard Offer Program (the “SOP”) was developed to pay incentives to energy efficiency service providers (e.g., contractors, energy service companies, retail electric providers, or customers) for load curtailments of electric consumption on short notice during peak demand periods. Incentives are based on verified demand savings that occur at ONCOR Electric Delivery distribution customer’s site as a result of a curtailment.

To participate in the SOP, providing participants (“Service Providers”) undergo an application process and then enter into a contract with ONCOR Electric Delivery (the “Standard Contract”). A Standard Contract is included as Appendix B of this manual. Under the Standard Contract, the Service Provider agrees to deliver demand savings to ONCOR Electric Delivery from a ONCOR Electric Delivery distribution customer using load that is subject to load management curtailment activities (“Curtailable Load”) at that customer’s site. ONCOR Electric Delivery will verify actual demand savings from curtailments (the “Verification Process”) and payment will be submitted to the Service Provider based on the verified savings achieved by the curtailments.

Service Providers must commit Curtailable Load to the SOP for a ten-year period. During the summer peak demand period of each year of the ten-year contract term, the SOP requires one scheduled 1-hour test curtailment and the possibility of four unscheduled curtailments. The unscheduled curtailments may have duration of a minimum of one hour to a maximum of four hours. The maximum hourly total of curtailments per year will be 17 hours. Incentive payments differ for scheduled and unscheduled curtailments and by contract year (see Chapter 7 - Incentive Budgets & Payments).

This chapter provides a general introduction to the SOP, including an overview of SOP features and background information on ONCOR Electric Delivery’s energy efficiency initiatives. All SOP information, including application materials, is available via the Internet at www.oncor.com/efficiency by selecting the Emergency Load Management SOP link. **ONCOR Electric Delivery will begin accepting applications starting on a date to be announced on the website. Any application received before 10 a.m. on the date the program opens, will be returned.**

1.1 Background

This SOP was developed to comply with state energy efficiency goals. The Texas Legislature passed Senate Bill 7 (SB7) in 1999, which restructured the state's electric utility industry. Specifically, the law calls for each investor-owned utility to meet a goal of 10% reduction in its growth in system demand by January 1, 2004 and annually thereafter through savings achieved by energy efficiency programs.

1.2 Program Goals

The primary goal of the SOP is to reduce summer peak demand in the ONCOR Electric Delivery service territory in a cost-effective manner and to reach the demand savings goals established by SB7 and the Public Utility Commission of Texas (PUCT) regulations. There are secondary program goals that are reflected in the SOP rules and procedures. These secondary program goals include:

- Encourage private sector delivery of energy demand savings during peak demand time on the Electric Reliability Council of Texas (ERCOT) transmission and distribution system of ONCOR Electric Delivery.
- Create a simple and streamlined program process to stimulate strong program participation from energy efficiency service providers.
- Minimize the burden of measurement and verification requirements for the SOP by implementation of a simple Verification Process by ONCOR Electric Delivery.

1.3 Eligibility

1.3.1 Service Provider Eligibility

Any entity meeting the participation requirements that identifies Curtailable Load at a facility that is served by ONCOR Electric Delivery and that has a minimum demand of **750 kW** or more is eligible to participate in the SOP as a Service Provider. Eligible Service Providers include:

- National or local energy service companies (ESCOs).
- Retail electricity providers (REPs).
- Individual customers that identify Curtailable Load in their own facilities.

To ensure that the SOP incentive budget is allocated to projects that are likely to meet with success, all Service Providers will be required to demonstrate a commitment to fulfilling SOP objectives and competency in completing their proposed project. Service Providers may be required to submit information concerning their experience and competency as part of the application process. A more specific description of the application requirements is located in Section 3.1 - Service Provider Information.

1.3.2 Project Eligibility

A project site is defined in the SOP as having Curtailable Load with potential demand savings during the summer peak demand period. Service Providers may include more than one project site in their applications. All projects must meet the following requirements:

- Each project site must include total potential demand savings of at least **100 kW** during the summer peak demand period. ONCOR Electric Delivery defines the **summer peak demand period** as the hours occurring between **1 p.m. and 7 p.m. Central Standard Time on Monday through Friday** during the months of **May through September**, excluding federal holidays.
- A single project site may involve identifying Curtailable Load at more than one customer facility, so long as the demand savings from curtailments at the facilities are reported using a single Interval Data Recorder (IDR) that is monitored by ONCOR Electric Delivery. For example, Curtailable Load at a customer's site may have multiple buildings, with each building individually metered for electricity consumption. However, if all buildings and meters are tied to one IDR, then they may be combined into a single project site.
- Service Provider agrees to verify that the Curtailable electric load that is being used in this Application will not be used in any other Curtailable load or demand response program during the duration of the Customer Contract. This can include, without limitation, any ERCOT, PUCT or any other program that is now available or that will become available in the future. Service Provider will notify ONCOR Electric Delivery within 15 business days of any change in the status of the contracted load or its inclusion in another demand response program. Failure to notify ONCOR Electric Delivery of any changes in the contracted load can result in the termination of the Customer Contract. This does not prohibit a Service Provider from contracting their existing and/or future electric loads into any other programs. ONCOR Electric Delivery reserves the right to cancel any Customer Contract when that contracted load has been enrolled in any other competing Curtailable load or demand response program.

1.3.3 Curtailable Load Eligibility

The SOP does not specify eligible Curtailable Load in order to provide Service Providers flexibility in packaging services. Service Providers may propose the inclusion of any Curtailable Load in a project, as long as it meets the following requirements:

- Curtailable Load must produce demand savings through a **curtailment of electrical consumption** during the summer peak demand period.
- Service Providers must commit to making the Curtailable Load **available for a ten-year period**.
- Electric service contracts for service to Curtailable Load between customers and their retail electric providers may not prevent or inhibit curtailments.

The following Curtailable Load is excluded from consideration for this SOP:

- Curtailable Load that results in negative environmental or health effects.
- Curtailable Load that receives an incentive through **any other energy efficiency program** offered by ONCOR Electric Delivery.

Project incentives will be paid only for demand savings directly related to end-use equipment curtailed under the project.

Eligible Curtailable Load to be considered is load listed on the project application that will be available for curtailment. This could be building(s) and/or individual end-use equipment that consumes electric energy during the summer peak demand period. ONCOR Electric Delivery will consider any and all Curtailable Load that consumes electrical energy for participation in the SOP.

LM 2 Participation Process

Overview

This chapter provides information on participating in the SOP including the program process and required submittals. ONCOR Electric Delivery will start accepting applications on a date to be determined at 10 a.m., Central Standard Time on a first-come, first-served basis. Applications will continue to be accepted for the SOP until all funds have been committed (see Chapter 7 - Incentive Budgets & Payments). After this time, submitted applications will be placed on a wait list. Projects on a wait list will not be carried over into the next program year.

2.1 Participation Phases

Participation in the SOP involves five basic phases:

- Service Provider submits an application (the “**Application**”) in order for ONCOR Electric Delivery to review the proposed project for feasibility and to tentatively reserve incentive funding.
- Service Provider enters into a **Standard Contract** with ONCOR Electric Delivery.
- Service Provider performs scheduled and unscheduled **Curtailments** when notified by ONCOR Electric Delivery.
- ONCOR Electric Delivery verifies demand savings from scheduled and unscheduled Curtailments (the “**Verification Process**”).
- ONCOR Electric Delivery pays the Service Provider for scheduled Curtailments (the “Scheduled Curtailment Payment”) and unscheduled Curtailments (the “Performance Period Payment”).

A discussion of the requirements of each phase can be found below. A specific timeline for the SOP is included in Section 2.2 Program Timeline.

2.2 Program Timeline

The estimated timeline for the SOP is as follows. All dates are subject to change.

Program Timeline Procedures

Number	Process	Date
1	Notify Potential Service Providers(SP)	To be Announced
2	Outreach Meeting	As required
3	Outreach Meeting	As required
4	Open Application Period to Service Providers	To Be Announced
5	ONCOR Electric Delivery Monitors Conditions	5/1/2007 - 9/28/2007
6	Alert Notice sent to SP (Scheduled Curtailments)	To Be Announced
7	Curtailment Begins (Scheduled Curtailments)	To Be Announced
8	Curtailment Ends (Scheduled Curtailments)	To Be Announced
9	Performance Period for Unscheduled Curtailments Begins	5/1/2007
10	May Unscheduled Curtailment Period (if needed)	May-07
11	ONCOR Electric Delivery performs Verification Process of IDR data (May Curtailment(s))	Jun-07
12	June Unscheduled Curtailment Period (if needed)	Jun-07
13	ONCOR Electric Delivery makes Scheduled Curtailment Payment	Jul-07
14	July Unscheduled Curtailment Period (if needed)	Jul-07
15	ONCOR Electric Delivery performs Verification Process of IDR data (June Curtailment(s))	Jul-07
16	August Unscheduled Curtailment Period (if needed)	Aug-07
17	ONCOR Electric Delivery performs Verification Process of IDR data (July Curtailment(s))	Aug-07
18	September Unscheduled Curtailment Period (if needed)	Sep-07
19	ONCOR Electric Delivery performs Verification Process of IDR data (August Curtailment(s))	Sep-07
20	Performance Period of Unscheduled Curtailments Ends	9/28/2007
21	ONCOR Electric Delivery Receives EECF Condition Notice	5/1/2007 - 9/28/2007
22	Curtailment Notice sent to SP (with 1hr minimum advance notice)	5/1/2007 - 9/28/2007
23	Curtailment Begins (Unscheduled Curtailment) 1pm - 6pm	5/1/2007 - 9/28/2007
24	Curtailment Ends (Unscheduled Curtailment) 2pm - 7pm (maximum 4hrs)	5/1/2007 - 9/28/2007
25	ONCOR Electric Delivery performs Verification Process of IDR data (September Curtailment(s))	Oct-07
26	ONCOR Electric Delivery makes Performance Period Payment	Nov-07

2.3 Additional Program Information

2.3.1 Program Website

The SOP website at www.oncor.com/efficiency will serve as the primary source for all updated SOP information and materials. The website will include:

- Information describing the program design and requirements.
- Contact information for the program.
- Submittal forms.
- The SOP Manual.
- Performance and payment history is planned for in future releases.

2.3.2 Program Promotion and Outreach

ONCOR Electric Delivery will conduct outreach activities for this SOP as requested by potential Service Providers.

LM 3 Application

Overview

A Service Provider's first formal step for participation in the SOP is the submission of an Application to ONCOR Electric Delivery. By submitting the Application and its required attachments and supplemental information, the Service Provider is requesting that ONCOR Electric Delivery review the Application and, if the Application is approved; reserve funding for the Service Provider based on the proposed level of demand savings in the Application.

The Application material will be available on the ONCOR Electric Delivery website at www.oncor.com/efficiency and then selecting the Emergency Load Management SOP link. The Application process is completed on line at the website by the Service Provider. The website for applications will be available when the program opens. The Application will be submitted electronically and a hard copy of the Application, letter of intent (the "Application Agreement") and all supporting documents, including insurance requirements, must then be received by ONCOR Electric Delivery within 15 business days of the electronic submittal. All applications must be signed by the Provider. Any applications not fully completed can be rejected and any reserved funds will revert back to the program budget at the Program Manager's discretion.

Applications will be reviewed on a first-come, first-served basis until all incentive funding has been committed. If an Application is accepted, ONCOR Electric Delivery will forward the Service Provider a Standard Contract for the project.

3.1 Service Provider Information

All Service Providers are required to provide ONCOR Electric Delivery with specific business information including the following:

- Description of the Service Provider's business.
- Job description of the Service Provider's employees who will be responsible for the operation of the project.
- Evidence that Service Provider and its subcontractors possess all required insurance. **Please Note:** Service Provider is responsible for providing the Program Manager with any insurance coverage change or any new insurance information that may change over the length of the contract. Proof of continuing insurance coverage may be required at the start of each program year. Any expired insurance could result in termination of the contract if not handled in an expedited manner by Service Provider.
- The Service Provider's Taxpayer Identification Number is required to ensure that ONCOR Electric Delivery can properly account for any incentive payments made to the Service Provider.

3.2 Project Information

Service Providers must provide information about the scope of their proposed project(s). The type of information requested includes the following:

1. **Customer Information** - Information about the customers associated with all loads that the Service Provider proposes to include as Curtailable Load. If a Service Provider's proposed project involves multiple customers, the Service Provider should submit separate information for each customer. The following information shall be submitted:
 - Customer name
 - Customer address
 - Site address
 - Customer business description
 - Site contact name(s) and all applicable phone numbers and e-mail addresses that will allow ONCOR Electric Delivery to contact customer during summer peak demand periods, as necessary.
2. **Oncor Electric Delivery Distribution Account Number (ESI ID)** – This number can be identified on the customer's electric bill as a 17 digit number, ex. ESI ID: 10443720001234567. In order to verify if a customer is a ONCOR Electric Delivery customer, the Service Provider should look for the distinguishing number, 44372 or 17699, which represents ONCOR Electric Delivery. This information will be found on customer's billing records..
3. **Site Profile(s)** - A profile must be completed for each customer site and shall include estimated demand savings for the site, building type(s), operating schedules, and any additional site information that Service Provider believes is appropriate. ONCOR Electric may request additional information as needed.
4. **Management Plan** - This information includes the design, implementation, operation, and management of the project.
5. **Curtailable Load** - A description of Curtailable Load and processes for Curtailment at each customer site. The description must include estimated kW reductions for each site during a one-hour peak demand period Curtailment.
6. **Service Provider Contact Telephone Number** - The telephone number at which ONCOR Electric Delivery will contact Service Provider to provide advance notification of a required curtailment. A representative of Service Provider must be available at this number at all times during peak summer demand hours. Should Service Provider need to change this contact telephone number during the term of the project, it must provide a new contact telephone number to ONCOR Electric Delivery at least two business days prior to the date the new number will take effect.
7. **Service Provider Contact Name(s) and Information** - Identification and information related to one or more representative(s) of the Service Provider who are responsible for implementation of the project. Phone number(s), pager number(s),

mobile phone number(s), fax number(s), and email address(es) should be provided if available to allow ONCOR Electric Delivery to communicate with Service Provider concerning the program.

8. **Customer Contract** - Agreement that is required from customers contracting with a Service Provider and from customers who act as their own Service Provider. A Customer Contract must be submitted within 15 calendar days after the date the electronic Application is submitted. A copy of the Customer Contract is included in this manual as Appendix B, Attachment C.
9. **Supporting Documentation** - Service Providers may submit additional supporting documentation that they determine is relevant for any project.

As part of the Application review, ONCOR Electric Delivery will review the feasibility of the proposed Curtailable Load and the accuracy of the curtailable demand savings estimates. ONCOR Electric Delivery may request clarification of, or additional information about, any item in the Application. Service Providers must respond to such requests within the time period specified by ONCOR Electric Delivery. **If the clarification or additional information is not forthcoming in a timely manner, ONCOR Electric Delivery reserves the right to discontinue its evaluation of the Application and reject the application. Status of pending contracts will be available on the Emergency Load Management website.**

3.3 Electronic Submittal

Electronic submittal of the Application will be executed through the ONCOR Electric Delivery website at <http://www.oncor.com/elm>. The date that applications can be submitted will be announced by the Program Manager on this website along with all other application details. Hard copies must be received by the Program Manager within 15 business days of website submittals.

For questions and other comments regarding this SOP you may contact the ONCOR Electric Delivery Program Manager by email at ELMInfo@Oncor.com.

3.4 Hardcopy Submittal

ONCOR Electric Delivery must receive hard copies of the Application within fifteen (15) business days of receipt of the electronic submittal. Hard copies should include all Application materials and supporting documents and the signed Application Agreement. Any missing documentation could result in application being put on hold or being rejected at the Program Manager's discretion.

Table 2.1: Addresses to obtain and submit program materials

Material	Mechanism	Address or location
Obtain Enrollment Material	Website	www.oncor.com/efficiency and an additional website link, to be available when the program is open
Submit Application and all required supporting documents that are amenable to electronic submittal	Website	www.oncor.com/efficiency and an additional website link to be available when the program opens
Hard Copy of Application and required supporting documents, including Application Agreement	Mail	ONCOR Electric Delivery – ELM SOP 1601 Bryan St Suite 21-100A Dallas, TX 75201-3411 Attn: Emergency Load Management
Customer Contracts	Mail	ONCOR Electric Delivery – ELM SOP 1601 Bryan St Suite 21-100A Dallas, TX 75201-3411 Attn: Emergency Load Management
Program Questions or Contact Program Manager	Email	ELMinfo@Oncor.com

3.5 Confidentiality

The SOP is subject to oversight by the PUCT, which may request a copy of any program materials that ONCOR Electric Delivery receives. Sensitive company and project information submitted by the Service Provider to ONCOR Electric Delivery such as financial statements will be treated confidentially to the extent possible. However, ONCOR Electric Delivery will have no liability to any Service Provider or other party as a result of public disclosure of any information submitted by the Service Provider.

3.6 Submission of False Information

ONCOR Electric Delivery reserves the right to discontinue its evaluation of all submittals and terminate all contracts of a Service Provider that submits false, misleading, or incorrect information.

LM 4 Standard Contract

Overview

Once an Application has been approved, the Service Provider shall complete a Standard Contract, which is attached as Appendix B to this manual. The terms of the Standard Contract will be **non-negotiable** unless unique circumstances merit and require revision, at the sole discretion of ONCOR Electric Delivery. In order to incorporate each Service Provider's project information, the approved Application will be included as an attachment to the Standard Contract and will become legally binding as part of the Standard Contract.

Once the Standard Contract is signed between the Service Provider and ONCOR Electric Delivery, the Service Provider's primary obligation will be to perform the following:

- Perform Curtailment of Curtailable Loads when notified by ONCOR Electric Delivery.
- Monitor projects during scheduled Curtailments and maintain the minimum duration for the event.
- Monitor projects during unscheduled Curtailments and maintain the minimum duration for the event.

The signed Standard Contract will obligate ONCOR Electric Delivery to:

- Perform the Verification Process. Verification Process activities will be conducted for each project to measure the demand savings after each Curtailment.
- Make a payment (the "Scheduled Curtailment Payment"), based on verified demand savings related to the initial scheduled Curtailment. Scheduled Curtailment Payments will be made for scheduled Curtailments during the first four years of the Standard Contract. Payment should normally be paid within 45 days of the successful completion of the Scheduled Curtailment.
- In November of each contract year, make a payment (the "Performance Period Payment"), based on verified curtailable demand savings related to the unscheduled Curtailment(s). Performance Period Payments will be made after the end of the Performance Period.

LM 5 Curtailments

Overview

To achieve the goal of assisting the utility grid during peak demand periods, ONCOR Electric Delivery has set the maximum number of annual Curtailments to five, with a minimum of one annual scheduled Curtailment and a maximum of four annual unscheduled Curtailments (if necessary). In other words, a Service Provider will not be requested to curtail Curtailable Load more than five times during a program year. One Curtailment will be scheduled (for verification and testing purposes), while the possibility of four unscheduled Curtailments could occur in the event that ERCOT deems it to be necessary.

The ONCOR Electric Delivery Program Manager will notify Service Providers in advance when Curtailments will be implemented. The Curtailment notice will specify the begin- and end-time for the Curtailment. Curtailable Load must be able to be curtailed within a minimum of one hour of notification. Unscheduled Curtailments will be required only upon implementation of **Step 3** or a subsequent step of the ERCOT Emergency Electric Curtailment Plan (EECP), which is discussed in more detail in the ERCOT Operating Procedure Manual and included by internet link in Appendix A of this manual. Any Curtailment will have minimum of one (1) hour notice before the start of a requested Curtailment. ONCOR Electric Delivery will notify Service Providers as soon as possible after the Company receives notification from ERCOT. Only ONCOR Electric Delivery authorized personnel can issue notice to Service Providers to initiate Curtailment.

5.1 Scheduled Curtailments

The SOP will have one 1-hour scheduled Curtailment at the beginning of the peak demand season in each contract year of the ten-year contract term. ONCOR Electric Delivery will determine the date and notify Service Providers with sufficient lead time for planning. Scheduled Curtailments are for testing and verifying program participation in the event of an EECP notice during the peak demand season. The results of the scheduled Curtailment showing the kW amount that was curtailed will be posted on the website and/or notification sent to the Service Provider as soon as it has been verified by the Program Manager.

After completion of the scheduled Curtailment and verification of the IDR data, ONCOR Electric Delivery shall issue payment during the first four years of the Standard Contract and pay the Service Provider for the Scheduled Curtailment. The scheduled Curtailment will be held during the period of mid-April to mid-May. The Program Provider will be notified by the Program Manager as soon as the Curtailment is scheduled. Payment should be paid within 45 days of the date of the successful completion of the Scheduled Curtailment.

5.2 Unscheduled Curtailments

The SOP requires program participants to be prepared to participate in up to four unscheduled Curtailments each year of the ten-year contract term. An unscheduled Curtailment will occur in the event ERCOT notifies ONCOR Electric Delivery that it is issuing an alert pursuant to **Step 3** or a subsequent step of the ERCOT EECF. Thereafter, ONCOR Electric Delivery will notify Service Providers of an unscheduled Curtailment with at least one-hour (1) advance notice of the start-time for the Curtailment. Only ONCOR Electric Delivery authorized personnel can issue notice to Service Providers to initiate Curtailment.

The duration of an unscheduled Curtailment will be a minimum of one hour and a maximum of four hours. Starting times will occur between 1:00 p.m. and 6:00 p.m. Central Standard Time. Ending times will occur between 2:00 p.m. and 7:00 p.m. Central Standard Time. The length and time of each unscheduled curtailment will be included in the notice issued by ONCOR Electric Delivery.

The peak demand period will end on September 28, 2007 and after completion of all unscheduled Curtailment(s) of Curtailable Load and verification of all IDR data, ONCOR Electric Delivery shall in November pay the Service Provider the Performance Period Payment.

LM 6 Verification Process

Overview

In order for ONCOR Electric Delivery to measure participation of Curtailable Load projects, ONCOR Electric Delivery shall perform Verification Process activities after each month in which a Curtailment occurs. Demand savings amounts will be based on actual, verified Curtailable Load curtailments.

6.1 Steps of the Verification Process

After each executed Curtailment has been performed and completed, ONCOR Electric Delivery shall review the IDR data to verify actual kW Curtailment demand savings. This process will be performed when ONCOR Electric Delivery retrieves the IDR data during the month following the Curtailment. The IDR data will show the month, day, time, and consumption in kW. The IDR data will provide 96 15-minute intervals per day, with a 12-month history for each ESI ID.

The Verification process will include the following steps:

1. ONCOR Electric Delivery will review the file for the appropriate project using the contracted customer ESI ID.
2. ONCOR Electric Delivery will establish the baseline for each Curtailment by taking the load recorded for the one-hour period that begins two hours before the start of the Curtailment, and averaging the demand from that one-hour period with the demand that occurred in the same one-hour period during the four preceding peak demand days. The demand average for that one-hour period over the five peak demand days shall set the baseline for each curtailment.

As an example, if a Curtailment occurred on Monday, August 13, 2007 at 5:00 p.m., ONCOR Electric Delivery would set the baseline by reading the IDR data from 3:15 p.m. (15:15) to 4:00 p.m. (16:00) on that day, which consists of four different 15-minute interval energy readings. ONCOR Electric Delivery would also read the same one-hour period for the previous four peak demand business days (Tuesday, August 7 - Friday, August 10) and would average the kW demand of the four days along with the same time period on the day of the Curtailment (August 13) to establish the baseline.

3. ONCOR Electric Delivery will take the highest demand recording during a one-hour period (four 15-minute intervals) of a Curtailment to calculate the amount of demand savings of that Curtailment. The highest one-hour demand will be subtracted from the baseline demand to determine the verified Curtailable demand savings amount for that Curtailment.

4. If more than one unscheduled Curtailment occurs during a contract year, the demand savings used to calculate the Performance Period Payment will be the lowest verified Curtailable demand savings of all of the Curtailments during the summer peak demand period. All records for all Curtailments will be available from the Program Manager as soon as they have been verified.
5. In the event no unscheduled Curtailments occur during the peak season, the Curtailable demand savings used to calculate the Performance Period Payment will either be the verified Curtailable demand savings from the first scheduled Curtailment or the Curtailable demand savings estimated in the Service Provider's Application, whichever is lower.

Shown below is an example of the information found in an IDR data file that has been recording the consumption for an ESI ID during an unscheduled Curtailment. Only partial recordings from 3:00 p.m. to 6:00 p.m. on August 13, 2007 are shown.

Assume that a one-hour Curtailment occurred at 5:00 p.m. Monday August 13, 2007.

ESI ID: 10443720001234567

Date	Time	Consumption	
08/13/2007	15:15:00	219.09000	← Two hours before the Curtailment to be calculated for baseline
08/13/2007	15:30:00	217.85000	
08/13/2007	15:45:00	206.34000	
08/13/2007	16:00:00	208.74000	
08/13/2007	16:15:00	210.90000	← Intervals not calculated
08/13/2007	16:30:00	201.50000	
08/13/2007	16:45:00	197.43000	
08/13/2007	17:00:00	143.41000	
08/13/2007	17:15:00	108.03000	← Actual hour of Curtailment
08/13/2007	17:30:00	106.71000	
08/13/2007	17:45:00	097.11000	
08/13/2007	18:00:00	120.45000	

In order to calculate the total average consumption for the two hours before a Curtailment and the hour during a Curtailment the following formula applies:

Baseline Demand

219.09 kWh (15:15) + 217.85 kWh (15:30) + 206.34 kWh (15:45) + 208.74 kWh (16:00)
 = Total kW on August 11, 2006 for the 3:00pm hour = **852 kW** (Rounded)

This process shall be applied to the same hour during the four previous peak demand business days and those five days will be averaged to set the baseline.

Curtailed Demand

108.03 kWh (17:15) + 106.71 kWh (17:30) + 97.11 kWh (17:45) + 120.45 kWh (18:00) =

Total kW on August 14, 2007 for the 5:00pm hour = **432 kW** (Rounded)

This process shall be applied to each set of four 15-minute intervals during each Curtailment and the highest set of four 15-minute intervals will be used to determine the verified Curtailed demand saving for each Curtailment. The actual Curtailed demand savings to be used to calculate the Performance Period Payment shall be the lowest verified Curtailed demand savings of all of the unscheduled Curtailments or the Curtailable demand savings estimate in the Service Provider's Application whichever is lower.

Verified Demand Savings (kW)

Once the Verification Process has been performed, the following formula will be used to determine the amount of verified Curtailed demand savings that will be used to calculate incentive payments (using the above example):

$\begin{aligned} \text{Verified Demand Savings} &= \text{Baseline Demand} - \text{Curtailed Demand} \\ 420 \text{ kW} &= 852 \text{ kW} - 432 \text{ kW} \end{aligned}$

LM 7

Incentive Budgets & Payments

Overview

ONCOR Electric Delivery will pay Service Providers in two installments in Contract Years Y1 through Y4 the Scheduled Curtailment Payment and the Performance Period Payment. ONCOR Electric Delivery will only pay Service Providers the Performance Period Payment in Contract Years Y5 through Y10. In the event a Service Provider does not produce the Curtailable demand savings as proposed in its Application, ONCOR Electric Delivery reserves the right to decline to make any further incentive payments and to terminate the Standard Contract.

If verified Curtailed demand savings differ from the curtailable demand savings estimated in the Application, the IDR data recordings by ONCOR Electric Delivery will take precedence over any other information. If actual, verified Curtailed demand savings are lower than those estimated in the Application, the associated reserved incentives will be adjusted accordingly, and excess incentive funds returned to the SOP budget. If actual, verified Curtailed demand savings are higher than those estimated in the Application, the incentive payments will be based on the Curtailable demand savings estimated in the Application unless ONCOR Electric Delivery, in its sole discretion, allows a Service Provider to upwardly adjust its estimated Curtailable demand savings. All results will be based on the scheduled Curtailment that each program provider agrees to participate in that will be conducted in mid April to mid May of each contract year.

7.1 Available Budgets

The incentive budget for each program year of the SOP will be determined by ONCOR Electric Delivery based on its Energy Efficiency goal. The amount available will be posted on the program website for each new program year.

7.2 Prices

The SOP provides standard incentive prices per **kW** for Curtailed demand savings in each contract year. The incentive rates applicable to kW savings are set forth in the following table, which also identifies the Curtailable demand savings cap and the 40% total incentive cap applicable to each Service Provider and its affiliates during each contract year. The total incentive cap includes the Performance Period Payment and the Scheduled Curtailment Payment.

Demand Incentive Rate per kW (\$/kW)				
2007 Program Year	Scheduled Curtailment Payment Incentive Rate	Performance Period Payment Incentive Rate	Demand Savings Cap Per Year	40% Total Incentive Cap Per Year (Maximum Payout)
Y1 (2007)	\$5.00	\$11.00	8604	\$137,664.00
Y2 (2008)	\$5.00	\$11.00	8604	\$137,664.00
Y3 (2009)	\$5.00	\$11.00	8604	\$137,664.00
Y4 (2010)	\$5.00	\$11.00	8604	\$137,664.00
Y5 (2011)	0	\$13.00	8604	\$111,852.00
Y6 (2012)	0	\$13.00	8604	\$111,852.00
Y7 (2013)	0	\$13.00	8604	\$111,852.00
Y8 (2014)	0	\$10.00	8604	\$86,040.00
Y9 (2015)	0	\$10.00	8604	\$86,040.00
Y10 (2016)	0	\$9.00	8604	\$77,436.00

****This chart reflects the maximum payment amount available under the 40% cap per Service Provider and uses a project goal of 21,510 kW.***

7.3 Incentive Limitations

To ensure that incentives are available to multiple Service Providers, no Service Provider or its affiliates may reserve more than an aggregate total of **40%** of the SOP incentive budget in a given budget year. ONCOR Electric Delivery reserves the right to raise the incentive cap if the total contracted kW required to meet the efficiency goal remains un-contracted. The raising of this cap will be based on the Service Provider's performance that was achieved and verified during the scheduled Curtailment.

7.4 Payments

All Verification Process activities for a scheduled Curtailment must be completed before the Service Provider will receive the associated Scheduled Curtailment Payment. After completion of the scheduled Curtailment of Curtailable Load, approval of the IDR data recording, and verification of the Curtailed demand savings, ONCOR Electric Delivery shall pay the Service Provider the agreed contract incentive amount per kW for the Scheduled Curtailment Payment for the appropriate contract year. ONCOR Electric Delivery will typically make the Scheduled Curtailment Payment within forty-five (45) days after the IDR data has been approved and the Curtailed demand savings have been calculated. The Scheduled Curtailment Payment will be based upon the verified curtailed demand savings using the equation on the next page:

Equation 1.1:

Scheduled Curtailment Payment (\$) =	Scheduled Curtailment Payment Incentive Rate x Curtailed Verified Demand kW Savings*
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ONCOR Electric Delivery will typically make the Performance Period Payment in November, at the conclusion of the Performance Period and after ONCOR Electric Delivery's verification of the IDR data for the contract year.

The amount of the Performance Period Payment shall be calculated using the following formula:

Equation 1.2:

Performance Period Payment (\$) =	Performance Period Payment Incentive Rate x Curtailed Verified Demand kW Savings*
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In the event no unscheduled Curtailments are performed, the Performance Period Payment will be calculated by multiplying the verified kW savings of the first scheduled Curtailment* by the Performance Period Payment incentive rate for that contract year.

***NOTE:** ONCOR Electric Delivery will not be obligated to pay a Service Provider for verified curtailable demand savings that exceed the amount of estimated Curtailable demand savings proposed in the Service Provider's Application. In the event no unscheduled Curtailments occur during the peak season, the Curtailable demand savings used to calculate the Performance Period Payment will either be the verified Curtailable demand savings from the scheduled Curtailment or the Curtailable demand savings estimated in the Service Provider's Application, whichever is lower. Nonetheless, if allowed by the SOP budget, and in ONCOR Electric Delivery's sole discretion, ONCOR Electric Delivery may allow a Service Provider to receive payment for its actual Curtailable demand savings and may pay a Service Provider based on their verified Curtailable demand savings achieved during the Scheduled Curtailment.

LM 8 Appendices

APPENDIX A LINK TO ERCOT EMERGENCY OPERATION GUIDELINES

APPENDIX B STANDARD OFFER PROGRAM CONTRACT
ATTACHMENT A – APPLICATION AGREEMENT
ATTACHMENT B – INSURANCE REQUIREMENTS
ATTACHMENT C – CUSTOMER CONTRACT

APPENDIX A

ERCOT EMERGENCY OPERATION GUIDELINES FOR EECP PROCEDURES

The ERCOT Emergency Curtailment Plans and Notices are contained in the ERCOT Operating Protocols. The Protocols are continually reviewed and updated as market requirements change. The Protocols that the Emergency Load Management SOP uses are found in Section 5: Dispatch, Section 5.6.6.1 in the current protocols. This section contains the plan that the ELM SOP program operates under. The SOP is not connected to any ERCOT program and uses the implementation of the ERCOT EECP only as a trigger to initiate the ELM program.

The Program Provider is responsible for ensuring that they are familiar with the provisions of the plan. All of the protocols are available at the ERCOT website <http://www.ercot.com>. The protocols for Section 5: Dispatch can be found at <http://www.ercot.com/mktrules/protocols/current.html>

Please contact the Program Manager if you have any questions or need further information.

APPENDIX B
STANDARD OFFER PROGRAM CONTRACT

ONCOR ELECTRIC DELIVERY EMERGENCY LOAD MANAGEMENT STANDARD OFFER PROGRAM CONTRACT

This agreement concerning the ONCOR Electric Delivery Emergency Load Management Standard Offer Program (the "Contract") is made and entered into by and between **ONCOR ELECTRIC DELIVERY COMPANY**, a Texas corporation (hereinafter "ONCOR Electric Delivery"), and _____, (hereinafter "Service Provider"). Service Provider and ONCOR Electric Delivery are sometimes referred to in this Contract individually as a "Party" and collectively as the "Parties."

WHEREAS, ONCOR Electric Delivery has developed an Emergency Load Management Standard Offer Program (the "SOP"); and

WHEREAS, the SOP seeks to procure peak demand reduction through the curtailment of electric load; and

WHEREAS, Service Provider has developed a plan for participation in the SOP through a set of proposed curtailments of Curtailable load to produce a controllable and predictable amount of peak demand reduction over a ten-year period (the "Project").

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - DEFINITIONS

- 1.1 "Affiliate" shall mean (1) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of Service Provider; (2) a person in a chain of successive ownership of at least 5.0% of the voting securities of Service Provider; (3) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by Service Provider; (4) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by: (a) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of Service Provider; or (b) a person in a chain of successive ownership of at least 5.0% of the voting securities of Service Provider; or (5) a person who is an officer or director of Service Provider or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of Service Provider; (6) a person who actually exercises substantial influence or control over the policies and actions of Service Provider; (7) a person over which Service Provider exercises the control described in subparagraph (6) of this paragraph; (8) a person who exercises common control over Service Provider, where "exercising common control over Service Provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of Service Provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or (9) 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 Service Provider even though neither person may qualify as an affiliate individually. For

the purposes of this Contract, all references to “energy efficiency service provider” shall mean Service Provider.

- 1.2 “Baseline Demand Usage” shall mean the amount of demand in a one-hour period that is used as the baseline for comparison to Curtailment Demand Usage to calculate Demand Savings. Baseline Demand Usage shall be calculated by averaging the ONCOR Electric Delivery-approved IDR data from the one-hour period that began two hours prior to the start-time of a Curtailment with the ONCOR Electric Delivery-approved IDR data from the same one-hour period during the four previous weekdays (Monday through Friday), excluding federal holidays.
- 1.3 “Contract Documents” shall mean 1) Service Provider’s approved application (“Application”) and Application Agreement, attached hereto as Attachment A and incorporated by reference herein, 2) the SOP Manual (“SOP Manual”), which is incorporated by reference herein, and 3) this Contract together with any and all other exhibits, addenda, or amendments referenced in the Contract Documents or made a part thereof in accordance with this Contract; as the same may be amended from time to time. To the extent of any conflict between this Contract and other Contract Documents, the terms of this Contract shall prevail.
- 1.4 “Customer” shall mean a customer of ONCOR Electric Delivery that owns or leases facilities at a Project Site.
- 1.5 “Customer Contract(s)” shall mean the contract(s) attached hereto as Attachment C and incorporated by reference herein.
- 1.6 “Demand Savings” shall mean the difference between Baseline Demand Usage and Curtailment Demand Usage. For the purpose of this Contract, the use of the term Demand Savings may refer to Unscheduled Curtailment Demand Savings and/or Scheduled Curtailment Demand Savings, as appropriate.
- 1.7 “Estimated Demand Savings” shall mean the amount of demand that Service Provider proposes in their application, to curtail in a one-hour period during Summer Peak Demand Hours through scheduled and unscheduled Curtailments that are implemented pursuant to the SOP. The “Estimated Demand Savings” will be verified during the required scheduled Curtailment.
- 1.8 “IDR” shall mean interval data recorder.
- 1.9 “Incentive Budget” shall mean the amount of money budgeted by ONCOR Electric Delivery for the SOP at the beginning of the SOP for payment in each year of the SOP.
- 1.10 “Curtable Load” shall mean the equipment, material, or systems at a Project Site that is identified in the Application as load that will be Curtailed at the request of ONCOR Electric Delivery pursuant to the SOP.
- 1.11 “Curtailment” shall mean shutting down the operation of Curtable Load at the request of ONCOR Electric Delivery pursuant to the SOP.

- 1.12 “Curtailed Demand Usage” shall mean the highest amount of demand that occurs during any one-hour (four 15-minute interval) period of a Curtailment.
- 1.13 “Performance Period” shall mean the period from May 1 through September 30 of each year of the Project.
- 1.14 “Performance Period Payment” shall mean the payment made by ONCOR Electric Delivery to Service Provider for Unscheduled Curtailment Demand Savings, as calculated pursuant to Article 7.4 of this Contract.
- 1.15 “Program Manager” shall mean the ONCOR Electric Delivery representative assigned as the point of contact for the SOP as identified in Article 13.1 of this Contract.
- 1.16 “Project Site” shall mean the location of a Customer’s Curtailable Load, as identified in the Application. For the purposes of this Contract, multiple facilities representing Curtailable Load may be combined into one Project Site as long as they are connected to a single IDR meter. The total Curtailable Load at a Project Site must have a recorded history pattern of **750 kW** or more demand of usage and when Curtailed must result in a measurable and verifiable reduction in peak demand.
- 1.17 “Service Provider Contact Telephone Number” shall be the telephone number identified in the Application as the telephone number that ONCOR Electric Delivery will call to notify Service Provider of a required Curtailment.
- 1.18 “Scheduled Curtailment” shall mean a one (1) hour Curtailment that is pre-scheduled by ONCOR Electric Delivery to occur at the beginning of the Performance Period in every year of the Project.
- 1.19 “Scheduled Curtailment Demand Savings” shall mean the difference between the Baseline Demand Usage for a Scheduled Curtailment and the Curtailment Demand Usage for the same Scheduled Curtailment.
- 1.20 “Scheduled Curtailment Payment” shall mean the payment made by ONCOR Electric Delivery to Service Provider in years Y1 through Y4 of the Project for Scheduled Curtailable Demand Savings, as calculated pursuant to Article 7.3 of this Contract.
- 1.21 “Summer Peak Demand Hours” shall mean 1 p.m. Central Standard Time to 7 p.m. Central Standard Time on Monday through Friday during the months of May through September, excluding federal holidays.
- 1.22 “Unscheduled Curtailment” shall mean a Curtailment that is requested by ONCOR Electric Delivery in response to a notification by the Electric Reliability Council of Texas (ERCOT) that ERCOT has implemented **Step 3** or a subsequent step of its ERCOT Emergency Electric Curtailment Plan as defined by the ERCOT Protocols.
- 1.23 “Unscheduled Curtailment Demand Savings” shall mean the amount of peak demand reduction used to calculate the Performance Period Payment in every

Project year. The Unscheduled Curtailment Demand Savings for each Project year will be the difference between: 1) the Curtailment Demand Usage from the Unscheduled Curtailment with the highest amount of Curtailment Demand Usage, and 2) the Baseline Demand Usage for that same Unscheduled Curtailment. If no Unscheduled Curtailment occurs during a Project year, then the Unscheduled Curtailment Demand Savings for that Project year will mean the Estimated Demand Savings amount.

- 1.24 “Verification Process” shall mean the process described in Article VI of this Contract wherein ONCOR Electric Delivery calculates and verifies Baseline Demand Usage, Curtailment Demand Usage, and Demand Savings.

ARTICLE II - TERM AND TERMINATION

- 2.1 The term of this Contract shall commence on the date of execution by ONCOR Electric Delivery (the “Effective Date”) and, unless otherwise terminated as set forth herein, shall continue in force and effect until December 30, 2016 or until payment by ONCOR Electric Delivery of all Performance Period Payments due pursuant to Article VII of this Contract, whichever is later; provided, however, that the provisions in this Contract related to confidentiality, warranties, indemnity, audits and records, and intellectual property will survive termination.
- 2.2 **Notwithstanding anything to the contrary, ONCOR Electric Delivery reserves the right to terminate this Contract and the SOP at any time, for any reason. Termination at will by ONCOR Electric Delivery shall not relieve the parties of any obligations occurring prior to the date of termination.**

ARTICLE III - WARRANTIES AND REPRESENTATIONS

- 3.1 By executing this Contract, Service Provider warrants and represents that it is aware of, is in compliance with, and will continue to comply for the term of this Contract with, all of the Contract Documents and all applicable laws and regulations related to the SOP.
- 3.2 Service Provider warrants and represents that:
- The Project will result in consistent and predictable peak demand savings over a ten-year period;
 - The Project will not result in negative environmental or health effects; and
 - The Project would not have been implemented in the absence of the SOP
 - The Project is not participating in other demand response programs as outlined in Section 5.3 of this contract.
- 3.3 Service Provider acknowledges that it received a copy of the SOP Manual prior to submission of its Application. Service Provider warrants and represents that its participation in the SOP has at all times been in compliance with, and will continue to comply for the term of this Contract with, the procedures and conditions set forth in the SOP Manual and that any failure to comply therewith

may be treated as a breach of this Contract. Service Provider also acknowledges that it meets or exceeds all of the qualifications required to participate in the SOP as described in the SOP Manual and that failure to meet the qualifications therein may be treated as a breach of this Contract. Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of the parties. Any such Contract shall be attached hereto and incorporated herein for all purposes.

- 3.4 Service Provider warrants and represents, to its actual knowledge; it and its Affiliates have not requested and will not accept SOP funds totaling more than an aggregate amount of 40% of the Incentive Budget for any year of the Project. ONCOR Electric Delivery reserves the right to raise the total incentive cap if the kW required to meet the efficiency goal remains un-contracted within 45 days after the Scheduled Curtailment performance has been validated. The raising of this cap will be based on the Provider's performance that was achieved and verified during the Scheduled Curtailment.
- 3.5 Service Provider warrants and represents that any relevant contract(s) or agreement(s) between a Customer and the Customer's retail electric provider concerning electric service to Curtailable Load do not prohibit or inhibit Curtailments.

ARTICLE IV - CUSTOMER CONTRACT

- 4.1 The receipt by ONCOR Electric Delivery of a Customer Contract concerning every Customer associated with every Project Site is a condition precedent to the effectiveness of this Contract. ONCOR Electric Delivery will not award incentive payments related to a Curtailment at a Project Site if every Customer associated with that Project Site did not sign a Customer Contract prior to the Curtailment.

ARTICLE V - PROJECT IMPLEMENTATION

- 5.1 Service Provider agrees on and after the Effective Date to use all reasonable efforts to implement the Project without undue delay and otherwise in accordance with the terms of the Contract Documents.
- 5.2 The Project will be implemented during calendar years 2007 through 2016.
- 5.3 Service Provider agrees to verify that the Curtailable electric load that is being used in this Application will not be used in any other Curtailable load or demand response program during the duration of the Customer Contract. This can include, without limitation, any ERCOT, PUCT or any other program that is now available or that will become available in the future. Service Provider will notify ONCOR Electric Delivery within 15 business days of any change in the status of the contracted load or its inclusion in another demand response program. Failure to notify ONCOR Electric Delivery of any changes in the contracted load can result in the termination of the Customer Contract. This does not prohibit a Service Provider from contracting their existing and/or future electric loads into any other programs. ONCOR Electric Delivery reserves the right to cancel any

Customer Contract when that contracted load has been enrolled in any other competing Curtailable load or demand response program.

- 5.4 One Scheduled Curtailment shall be required to be implemented by Service Provider at each Project Site at the beginning of the Performance Period in each calendar year of the Project. A maximum of four Unscheduled Curtailments may be required to be implemented by Service Provider at each Project Site during Summer Peak Demand Hours of each calendar year of the Project.
- 5.5 Except as set forth in Section 5.4 and Section 5.6, all Curtailments shall be implemented at the time and for the duration specified by ONCOR Electric Delivery.
- 5.6 ONCOR Electric Delivery must notify Service Provider at least one hour prior to the required start-time of any Curtailment by calling the Service Provider Contact Telephone Number. A representative of the Service Provider must be available to personally answer calls or respond to other electronic methods, made to the Service Provider Contact Telephone Number or other electronic addresses, during all Summer Peak Demand Hours.
- 5.7 Service Provider may change the Service Provider Contact Telephone Number or other electronic addresses, by providing notice to the Program Manager of the new Service Provider Contact Telephone Number a minimum of two business days prior to the date that the new Service Provider Contact Telephone Number or other methods of contact, become effective. In order for notice of a new Service Provider Contact method to be valid, Service Provider must verify that Program Manager has actually received such notice by the above-mentioned deadline.

ARTICLE VI - VERIFICATION PROCESS

- 6.1 ONCOR Electric Delivery shall calculate and verify the Baseline Demand Usage, Curtailment Demand Usage, and Demand Savings for each Curtailment during the calendar month that occurs after the Program Manager receives the IDR data related to the Curtailment.
- 6.2 The data used to calculate the Baseline Demand Usage, Curtailment Demand Usage, and Demand Savings will be the data from IDR meters that are read, reviewed, and approved by ONCOR Electric Delivery.

ARTICLE VII - INCENTIVE PAYMENTS

- 7.1 ONCOR Electric Delivery agrees to make incentive payments to Service Provider based upon the Demand Savings derived from the Project, as further discussed in this Article.
- 7.2 The applicable incentive rates and caps on Demand Savings and incentives are as follows and differ by Project year and type of incentive payment:

Demand Incentive Rate per kW (\$/kW)				
2007 Program Year	Scheduled Curtailment Payment Incentive Rate	Performance Period Payment Incentive Rate	Demand Savings Cap Per Year	40% Total Incentive Cap Per Year (Maximum Payout)
Y1 (2007)	\$5.00	\$11.00	8604	\$137,664.00
Y2 (2008)	\$5.00	\$11.00	8604	\$137,664.00
Y3 (2009)	\$5.00	\$11.00	8604	\$137,664.00
Y4 (2010)	\$5.00	\$11.00	8604	\$137,664.00
Y5 (2011)	0	\$13.00	8604	\$111,852.00
Y6 (2012)	0	\$13.00	8604	\$111,852.00
Y7 (2013)	0	\$13.00	8604	\$111,852.00
Y8 (2014)	0	\$10.00	8604	\$86,040.00
Y9 (2015)	0	\$10.00	8604	\$86,040.00
Y10 (2016)	0	\$9.00	8604	\$77,436.00

- 7.3 Scheduled Curtailments - After completion of the Scheduled Curtailment and the associated Verification Process in Project years Y1 through Y4, ONCOR Electric Delivery shall pay Service Provider the Scheduled Curtailment Payment. ONCOR Electric Delivery will make the Scheduled Curtailment Payment within forty-five (45) days after the completion of the Verification Process for the Scheduled Curtailment. The Scheduled Curtailment Payment will be calculated using the following equation:

$$\text{Scheduled Curtailment Payment} = \text{Scheduled Curtailment Payment Incentive Rate} \times \text{Verified Curtailed Demand Savings}$$

- 7.4 Unscheduled Curtailments - After the conclusion of the Performance Period and completion of the Verification Process for the Project year, ONCOR Electric Delivery shall pay Service Provider the Performance Period Payment. ONCOR Electric Delivery will make the Performance Period Payment within forty-five (45) days after the completion of the final Verification Process of the Project year.

If the Unscheduled Curtailment Demand Savings are equal to or less than the verified Scheduled Curtailable Demand Savings, then the Performance Period Payment will be calculated using the following equation:

$$\text{Performance Period Payment} = \text{Performance Period Payment Incentive Rate} \times \text{Verified Unscheduled Curtailed Demand Savings}$$

If the Unscheduled Curtailment Demand Savings are greater than the verified Scheduled Curtailable Demand Savings, then the Performance Period Payment will be calculated using the following equation:

$$\text{Performance Period Payment} = \text{Performance Period Payment Incentive Rate} \times \text{Verified Scheduled Curtailed Demand Savings}$$

- 7.5 Notwithstanding anything to the contrary, ONCOR Electric Delivery may, in its sole discretion, revise the calculation of the Scheduled Curtailment Payment and/or the Performance Period Payment to allow payment to Service Provider for an amount of peak demand reduction that exceeds the amount of Estimated Curtailed Demand Savings and is less than or equal to the amount of Curtailable Demand Savings.

- 7.6 The sum of the Scheduled Curtailment Payment and Performance Period Payment for a Service Provider for a Project year shall not exceed 40% of the Incentive Budget for that Project year as set forth in the table 7.2 under the heading "40% of Total Incentive Cap per Year". ONCOR Electric Delivery reserves the right to raise the total incentive cap if the kW required to meet the efficiency goal remains un-contracted within 45 days after the Scheduled Curtailment Performance has been validated. The raising of this cap will be based on the Provider's performance that was achieved and verified during the Scheduled Curtailment.

ARTICLE VIII - AUDIT AND RECORDS

- 8.1 Service Provider shall keep and maintain accurate and detailed records and documentation relating to the Project and its associated Demand Savings under this Contract for a period of not less than three (3) years beyond the termination of this Contract. During the retention period, such records shall be made available, upon reasonable notice, for inspection during normal business hours by ONCOR Electric Delivery or any governmental agency having jurisdiction over the SOP or any portion of the Project.

ARTICLE IX - INSURANCE

- 9.1 Service Provider represents and agrees that it will carry all statutorily required insurance for the protection of its employees and that each of its subcontractors will carry such insurance for the protection of their respective employees. Service Provider further represents and agrees that it will carry all insurance required by Attachment B attached hereto and incorporated by reference herein. Service Provider shall furnish to ONCOR Electric Delivery a certificate or certificates of insurance indicating Service Provider's compliance with the requirements of this paragraph and stating that the insurance described therein shall not be canceled or terminated except on thirty (30) days written notice to ONCOR Electric Delivery, or, in the case of non-payment of premiums, ten (10) days written notice to ONCOR Electric Delivery. Additionally, Service Provider represents and agrees that ONCOR Electric Delivery shall be named as an additional insured on all policies (except worker's compensation) in the amounts of coverage therein stated and that all policies will include a waiver of subrogation naming ONCOR Electric Delivery, with the appropriate certificates of insurance evidencing that ONCOR Electric Delivery has been named as an additional insured on such policies and that such policies include a waiver of subrogation naming ONCOR Electric Delivery.

ARTICLE X - INDEMNITY

- 10.1 The parties intend for ONCOR Electric Delivery to be protected against Claims (as defined below) which result for ONCOR Electric Delivery's rightful performance of its duties and exercise of its rights under this Agreement but only to the extent such actions by ONCOR Electric Delivery would not have been performed but for the execution and performance of this Agreement (the "Indemnified Claims"). This protection is not intended to extend to Claims arising from any other actions or duties which ONCOR Electric Delivery must perform or

does routinely perform as a part of its rights and responsibilities as a regulated electricity distribution company and any such Claims will not be included in the Indemnified Claims. Accordingly, Service Provider agrees to and will defend, protect, indemnify, and hold harmless ONCOR Electric Delivery, its officers, directors, agents, and employees, and each of ONCOR Electric Delivery's affiliates and each of their respective officers, directors, agents, and employees (collectively referred to as "ONCOR Electric Delivery Group") from and against all claims, losses, expenses, attorneys' fees, damages, demands, judgments, causes of action, suits, and liability in tort, contract, or any other basis and of every kind and character whatsoever (collectively referred to as "Claims") arising out of or related to this Agreement or the Project, but only to the extent such Claims fall within the description of Indemnified Claims as defined above and only to the extent ONCOR Electric Delivery was not negligent in connection therewith.

ARTICLE XI - COMPLIANCE WITH LAWS

- 11.1 All work performed by ONCOR Electric Delivery, Service Provider or a Customer in connection with the implementation of the Project shall conform to all applicable laws, statutes, ordinances, rules, regulations, and decrees of any governmental or administrative body having jurisdiction over the SOP or any portion of the Project.

ARTICLE XII - DEFAULT AND REMEDIES

- 12.1 Each of the following events will be deemed to be an Event of Default hereunder:
- (a) Failure of a representative of Service Provider to be available during all Summer Peak Demand Hours to personally answer a call from ONCOR Electric Delivery to the Service Provider Contact Telephone Number concerning notice of a Curtailment.
 - (b) Service Provider's submission to ONCOR Electric Delivery of any false, misleading or inaccurate material information or documentation with respect to the Application, this Contract, or Service Provider's implementation of the Project;
 - (c) Service Provider's assignment or subcontracting of all or part of the duties required under the Contract Documents without the prior written consent of ONCOR Electric Delivery; or
 - (d) Failure of either party to perform or observe any of the material terms, conditions or provisions of the Contract Documents.
 - (e) Service Provider enrolls the Curtailable electric load that is being used in this Application is used in any other Curtailable load or demand response program during the duration of the Customer Contract as noted in Article 5.3.

If an Event of Default occurs, the non-defaulting party shall be entitled to exercise any and all remedies provided for by law or in equity, including the right to terminate this Contract upon written notice to the other party. Termination shall be effective upon the receipt of properly served notice. Termination of this Contract will not relieve the defaulting party of any obligations accruing prior to the event of termination.

ARTICLE XIII - NOTICES

- 13.1 All notices from one party to the other will be deemed to have been delivered on the date actually delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid or sent or delivered by such other method as will ensure evidence of its receipt to the following addresses:

Oncor Electric Delivery:

ONCOR Electric Delivery Electric Delivery Company
1601 Bryan St Suite 21-100A
Dallas, Texas 75201-3411
Attn: Emergency Load Management

Service Provider:

Attn: _____

- 13.2 Either party may change its address by written notice to the other in accordance with this Article XIII.

ARTICLE XIV - AMENDMENT

- 14.1 No amendment or modification of this Contract shall be binding on either party unless it is in writing and signed by both parties. Amendments to this Contract will be attached hereto and made a part hereof for all purposes.

ARTICLE XV - FORCE MAJEURE

- 15.1 Should either Party be rendered unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Contract (other than an obligation to pay money), the obligation of the Party so rendered, that is affected by the event of Force Majeure, will be suspended only during the continuance of that inability. The Party so affected will give written notice of the existence, extent and nature of the Force Majeure to the other Party within forty-eight (48) hours after the occurrence of the event. The Party so affected will use its best efforts to remedy its inability as soon as possible and will provide the other Party with prompt notice when it is able to resume the performance of its obligations. Failure to give notice will result in the continuance of the affected Party's obligation regardless of the extent of any existing Force Majeure.
- 15.2 The term "Force Majeure" as used in this Contract will mean acts of God (except as excluded herein), strikes, lockouts, or other industrial disturbances, acts of public enemies, wars, blockades, insurrections, riots, epidemics, earthquakes, fires, priority allocations of pipe or other materials or orders, restraints or prohibitions by any court, board, department, commission or agency of the United States or of any State, any arrests and restraints, civil disturbances, explosions, and inability despite reasonable diligence to obtain materials

essential to this Contract. Rain, snow, ice or other adverse weather conditions will not be considered events of Force Majeure.

- 15.3 The term "Force Majeure" does not include: events or circumstances that affect the Project but do not prevent performance, including, but not limited to, requirements, actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local governmental bodies); changes in market conditions; and events or conditions attributable to normal wear and tear or flaws randomly experienced in materials and equipment and their assembly and operation, unless such events and conditions are caused by an occurrence which would fit the definition of Force Majeure set forth in Article 15.2 of this Contract.
- 15.4 In no event will any Force Majeure extend this Contract beyond its stated term.
- 15.5 If any Force Majeure causes a reduction in the Estimated Curtailable Demand Savings, the Parties may mutually at any time agree to reduce the Estimated Curtailable Demand Savings for the duration of the Force Majeure event.

ARTICLE XVI - INDEPENDENT CONTRACTOR

- 16.1 Each Party will act as and be deemed to be an independent contractor. Neither Party will act as, nor be deemed to be, an agent or employee of the other. Each Party will have the sole right to control and directly supervise the method, manner and a detail of the Project providing it is in accordance with the Contract Documents.

ARTICLE XVII - MISCELLANEOUS

- 17.1 Service Provider will not assign, transfer or otherwise dispose of any of its obligations or duties without the prior written approval of ONCOR Electric Delivery. Any assignment or transfer made without the express written approval of ONCOR Electric Delivery will be null and void.
- 17.2 The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Contract shall be deemed to be a waiver of any other breach of the same or any other term, condition or covenant contained herein.
- 17.3 The Contract Documents constitute the entire Contract between the parties with respect to the subject matter hereof and there are no express or implied warranties or representations upon which any party may rely beyond those set forth therein. The execution of this Contract supersedes all previous agreements, discussions, communications and correspondence with respect to such subject matter.

- 17.4 In the event any provision of this Contract is held to be void, unlawful, or otherwise unenforceable, that provision will be severed from the remainder of the Contract and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Contract, as so modified, will continue to be in full force and effect.

- 17.5 This Contract will be governed by, construed and enforced in accordance with the laws of the State of Texas. The parties agree that the proper venue and jurisdiction for any cause of action relating to the Contract will be in Dallas County, Texas.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized representatives.

ONCOR ELECTRIC DELIVERY COMPANY

Service Provider

By: _____
Name: Price Robertson
Title: Manager, Energy Efficiency Programs
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT A

ONCOR ELECTRIC DELIVERY COMPANY'S 2007 EMERGENCY LOAD MANAGEMENT STANDARD OFFER PROGRAM - APPLICATION AGREEMENT

This agreement (the "Application Agreement") is made and entered into by and between **ONCOR ELECTRIC DELIVERY COMPANY**, a Texas corporation (hereinafter "ONCOR Electric Delivery") and _____, (hereinafter "Service Provider").

The Parties agree as follows:

Service Provider represents and warrants that all information submitted as part of its application (the "Application") to participate in the ONCOR Electric Delivery Emergency Load Management Standard Offer Program (the "SOP") is true and correct in all material respects.

Service Provider agrees to, within 15 business days of the date the Application is electronically submitted to ONCOR Electric Delivery, either: 1) ensure that ONCOR Electric Delivery is in receipt of the Customer Contract(s) required by the SOP ("Customer Contract") for all customers associated with Curtailable load identified in the Application ("Customers"), or 2) contact ONCOR Electric Delivery and provide a revised amount of estimated Curtailable demand savings that removes any estimated Curtailable demand savings associated with Customers for which Service Provider has not provided a Customer Contract to ONCOR Electric Delivery.

Service Provider agrees to, within 15 business days of the date the Application is electronically submitted to ONCOR Electric Delivery, verify that all contracts between retail electric providers and Customers allow for the Curtailments contemplated by the SOP.

Service Provider agrees to verify that the Curtailable electric load that is being used in this Application will not be used in any other Curtailable load or demand response program during the duration of the Customer Contract. This can include, without limitation, any Electric Reliability Council of Texas (ERCOT), Public Utility Commission of Texas (PUCT) or any other program that is now available or that will become available in the future. Service Provider will notify ONCOR Electric Delivery within 15 business days of any change in the status of the contracted load or its inclusion in another demand response program. Failure to notify ONCOR Electric Delivery of any changes in the contracted load can result in the termination of the Customer Contract. This does not prohibit a Service Provider from contracting their existing and/or future electric loads into any other programs. ONCOR Electric Delivery reserves the right to cancel any Customer Contract when that contracted load has been enrolled in any other competing Curtailable load and/or demand response program.

At the time ONCOR Electric Delivery receives electronic submittal of the Application, ONCOR Electric Delivery agrees to reserve funding in an amount equal to the incentive amount that would be required to pay Service Provider for the amount of Curtailable peak demand savings estimated in the Application, if such amount is at that time available in the SOP incentive budget. If such amount is not available, then ONCOR Electric Delivery will reserve the remaining available SOP incentive budget funds. Funds will be reserved on a first-come, first-served basis as determined by the time and date that ONCOR Electric Delivery receives electronic submittal of the Application. If the program becomes fully subscribed, ONCOR Electric Delivery will not reserve more than 40% of the total SOP incentive budget for any Service Provider or its affiliates.

If ONCOR Electric Delivery has not received a required Customer Contract within 15 business days of the date the Application was electronically submitted, ONCOR Electric Delivery will return to the SOP incentive budget all funding related to such customer's Curtailable load. Furthermore, if after review of the Application ONCOR Electric Delivery determines, in its sole discretion, that Service Provider has not demonstrated a commitment to fulfilling SOP objectives and/or competency in implementing the

project proposed in the Application, then ONCOR Electric Delivery will return to the SOP incentive budget all or an appropriate portion of funds reserved on behalf of Service Provider.

IN WITNESS WHEREOF, the parties hereto have caused this Application Agreement to be executed by their duly authorized representatives.

ONCOR ELECTRIC DELIVERY COMPANY

SERVICE PROVIDER

Signature:

Signature:

Name: Jeff Reed

Name:

Title: Program Manager

Title:

Company: ONCOR Electric Delivery

Company:

Date:

Date:

ATTACHMENT B

INSURANCE REQUIREMENTS

NOTE: ONCOR Electric Delivery Company (ONCOR Electric Delivery) shall be named ADDITIONAL INSURED on all policies (except Worker's Compensation). Each policy shall include a Waiver of Subrogation naming ONCOR Electric Delivery, and shall provide for thirty (30) days prior written notice of cancellation or, in the case of non-payment of premiums, ten (10) days prior written notice of cancellation.

TYPE/COVERAGE

LIMITS OF LIABILITY

WORKERS' COMPENSATION
EMPLOYER'S LIABILITY)

Statutory
\$500,000. Each Accident
\$500,000. Disease Policy Limit
\$500,000. Disease Employee Limit

)
)
)

COMMERCIAL GENERAL LIABILITY
OCCURRENCE FORM with the following
Coverage's included (not excluded):

Bodily Injury & Property Damage Combined:

- Premises Operations
- Explosion, Collapse and
Underground Damage
- Products/Completed Operations
- Contractual Insurance (applicable to
Indemnity clause contained in contract(s))
- Independent Contractors
- Broad Form Property Damage
- Personal Injury

Each Occurrence: \$1,000,000
General Aggregate: \$1,000,000
Products Comp/Ops. Aggregate: \$1,000,000

AUTOMOBILE LIABILITY, with coverage of Bodily Injury and Property Damage (BI and PD) Combined:
\$1,000,000 (Applicable to all owned, hired and non-owned vehicles)

EXCESS UMBRELLA LIABILITY, BI and PD Combined: \$1,000,000

OCCURRENCE FORM:

Each Occurrence and Aggregate

INFORMATION FOR THE SERVICE PROVIDER:

- ** Insurance provided by the Service Provider must be maintained in effect during the entire term of this Contract.
- ** A copy of this sheet and a copy of this Contract should be furnished to the Service Provider's Insurance Agent.
- ** Only ONCOR Electric Delivery Risk Management is authorized to amend or waive insurance requirements.

INFORMATION FOR INSURANCE AGENTS:

- ** Required insurance should be certified using the ACCORD CERTIFICATE OF INSURANCE or a form similar thereto.
- ** The Service Provider's insurance agent is responsible to list on CERTIFICATE OF INSURANCE all endorsements, which eliminate any required coverages.

- ** The Service Provider's insurance agent is responsible to state on the CERTIFICATE OF INSURANCE that ONCOR Electric Delivery is named ADDITIONAL INSURED on all policies of insurance (except Worker's Compensation) and that all policies of insurance include Waiver of Subrogation in favor of ONCOR Electric Delivery.
- ** CERTIFICATE OF INSURANCE must be dated and signed by insurance agent or authorized representative.
- ** CERTIFICATE HOLDER must be shown as ONCOR Electric Delivery, 500 N. Akard, Dallas, Texas 75201, Attn: Emergency Load Management – Suite 09-165.
- ** The original CERTIFICATE OF INSURANCE must be forwarded to the CERTIFICATE HOLDER.

ATTACHMENT C

**ONCOR ELECTRIC DELIVERY EMERGENCY LOAD MANAGEMENT
STANDARD OFFER PROGRAM
CUSTOMER CONTRACT**

I. Customer Information

Customer Name _____
Project Site Name _____
Project Site Address _____
City, Zip Code _____
Customer ESI ID _____

II. Customer Relationship with Service Provider

I, Customer, hereby acknowledge the following (check appropriate box and complete):

I have entered into a contract with _____ (the “Service Provider”) for curtailment of Curtailable load at the Project Site(s) identified above (the “Project”). The Service Provider is implementing the Project pursuant to the ONCOR Electric Delivery Company (“ONCOR Electric Delivery”) Emergency Load Management Standard Offer Program.

I am acting as my own Service Provider and am participating in the ONCOR Electric Delivery Emergency Load Management Standard Offer Program.

III. Customer Contract

CUSTOMER ACKNOWLEDGES THAT ANY REVIEW OR ACCEPTANCE BY ONCOR ELECTRIC DELIVERY OF THE PROJECT IS SOLELY FOR THE INFORMATION OF ONCOR ELECTRIC DELIVERY AND THAT, IN PERFORMING ANY SUCH REVIEW OR IN ACCEPTING THE PROJECT, ONCOR ELECTRIC DELIVERY MAKES NO REPRESENTATIONS OR WARRANTY WHATSOEVER AS TO THE ECONOMIC OR TECHNICAL FEASIBILITY, CAPABILITY, SAFETY OR RELIABILITY OF THE PROJECT.

Customer acknowledges that the Service Provider is an independent contractor with respect to ONCOR Electric Delivery and the Standard Offer Program, and that the Service Provider is not authorized to make representations or incur obligations on behalf of ONCOR Electric Delivery.

Customer acknowledges that ONCOR Electric Delivery is not a party to this Customer Contract or any other agreement (if any) between the Service Provider and

the Customer and that the Service Provider is solely responsible for performance hereunder.

Customer agrees that ONCOR Electric Delivery is an intended third-party beneficiary of this Customer Contract and, as such, may rely on representations made herein by the Customer and enforce Customer's obligations hereunder to the extent same are applicable to ONCOR Electric Delivery.

Customer acknowledges that ONCOR Electric Delivery makes no warranty or representation regarding the qualifications of the Service Provider and that the Customer is solely responsible for the selection of the Service Provider.

Customer acknowledges that it may file a complaint with the Public Utility Commission of Texas concerning the Service Provider, but that ONCOR Electric Delivery will play no role in resolving any disputes that arise between the Customer and the Service Provider.

Customer agrees to provide ONCOR Electric Delivery with access to and/or copies of Customer's utility bills, Project documentation, and any other information related to the Project that is necessary for calculation and/or verification of demand savings associated with the Project.

CUSTOMER AGREES TO RELEASE ONCOR ELECTRIC DELIVERY, ITS OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, AND EACH OF ONCOR ELECTRIC DELIVERY'S AFFILIATES AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO AS "ONCOR ELECTRIC DELIVERY"), FROM ANY AND ALL CLAIMS, LOSSES, EXPENSES, ATTORNEYS' FEES, DAMAGES, DEMANDS, JUDGMENTS, CAUSES OF ACTION, SUITS, AND LIABILITY IN TORT, CONTRACT, OR ANY OTHER BASIS AND OF EVERY KIND AND CHARACTER WHATSOEVER (COLLECTIVELY REFERRED TO AS "CLAIMS"), REGARDLESS OF ANY STRICT LIABILITY OR NEGLIGENCE OF ONCOR ELECTRIC DELIVERY, WHETHER ACTIVE OR PASSIVE, EXCEPTING ONLY SUCH CLAIMS, DEMANDS, LOSSES, DAMAGES, COSTS, EXPENSES, LIABILITY, OR VIOLATION OF LAW OR REGULATION AS MAY BE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ONCOR ELECTRIC DELIVERY.

IN WITNESS WHEREOF, Customer causes this Contract to be executed by its duly authorized representative.

Signature: _____

Printed Name: _____

Company Name: _____

Title: _____

Date: _____