

# **2015 Residential & Hard-to-Reach Standard Offer Programs Workshop**

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# AEP Contact Information

- **AEP Texas Central Company**

- Residential: Jim Fowler

361.881.5790 [jjfowler@aep.com](mailto:jjfowler@aep.com)

- Hard-to-Reach: Vee Strauss

361.574.2252 [svstrauss@aep.com](mailto:svstrauss@aep.com)

- **AEP Texas North Company**

- Residential: Rhonda Fahlender

325.674.7513 [rrfahlender@aep.com](mailto:rrfahlender@aep.com)

- Hard-to-Reach: Steve Mutiso

325.674.7287 [smmutiso@aep.com](mailto:smmutiso@aep.com)

- **Southwestern Electric Power Company**

- Residential & Hard-to-Reach: Debra Miller

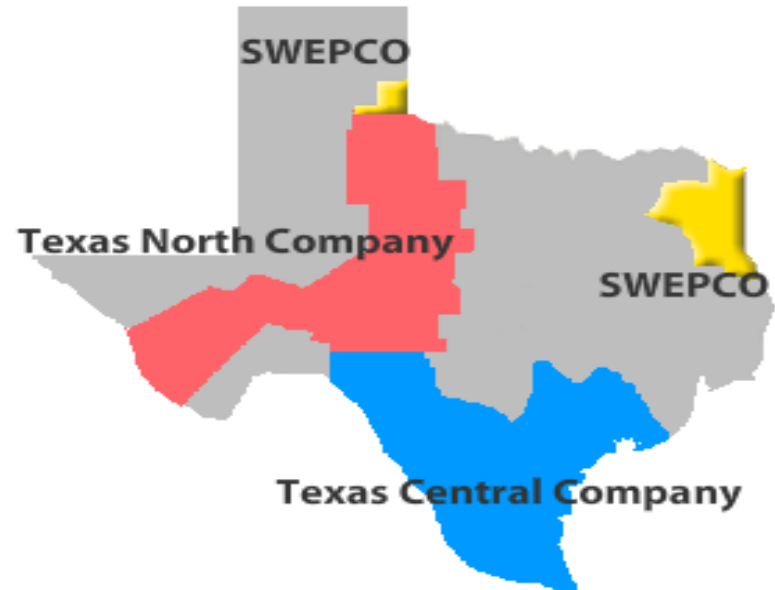
318.673.3324 [damiller1@aep.com](mailto:damiller1@aep.com)



# Where in Texas?

AEP is offering the Residential and Hard-to-Reach Standard Offer Programs (SOPs) through its Texas distribution companies:

- AEP Texas Central Company (TCC)
- AEP Texas North Company (TNC)
- Southwestern Electric Power Company (SWEPCO)



# Overview

- Primary objectives of the SOPs are to achieve cost-effective reduction in:
  - summer & winter peak demand
  - annual energy consumption
- The SOPs each provide set incentives to Service Providers (or Project Sponsors) for the installation of qualifying energy efficiency measures
- The incentives are based on peak demand (kW) and annual energy (kWh) savings
- The SOPs utilize approved deemed savings values contained in the State of Texas Technical Reference Manual (TRM) to estimate kW and kWh savings impacts

# Overview

- AEP
  - Reviews, approves, rejects applications
  - Pre-approves all marketing material, including social media and telemarketing
  - Performs inspections
  - Processes incentive requests based on inspection results
  - Manages programs and incentive dollars
  - Adjusts programs as needed
  - Verifies PUCT compliance



# Overview

- Project Sponsor
  - Enters into SOP Agreement
  - Follows program requirements outlined in manual
  - Identifies project opportunities
  - Markets program and negotiates terms with customer
  - Verifies customer eligibility
  - Installs and accurately reports qualifying measures
  - Reviews the TRM for all measure installation requirements

# Am I Eligible to Participate?

- Any entity meeting the SOPs application requirements that installs eligible residential energy efficiency measures at a customer site with residential electricity distribution service from TCC, TNC or SWEPCO is eligible to apply for participation in the SOPs
- Eligible Project Sponsors may include:
  - Energy service companies
  - Retail electric providers
  - National or local companies that provide energy-related products (e.g., insulation or HVAC)
  - Product retailers, if they install the particular energy-efficient products sold as part of the SOPs

# Project Sponsor Requirements

- At a minimum, a Project Sponsor must have the following requirements to apply for participation in the SOPs:
  - Valid insurance (e-mailed directly to appropriate Program Administrator by insurance agency)
  - All appropriate licenses or certifications
  - Home Energy Raters (HERs) or Building Performance Institute (BPI) individual required to be on staff for any Project Sponsors(s) performing Duct Efficiency and/or Air Infiltration measures
  - References
  - Evidence of technical and managerial capabilities and experience



# How Do I Participate?

- Review each SOP Manual in its entirety
- Review each SOP Agreement
- Complete and submit on-line registration & application
- If applicable, upload testing procedures at time of registration
- Applications will be reviewed upon receipt of all required application documents
- Contracts will be awarded based on project sponsor qualifications, performance history, etc., to ensure program goals will be achieved with quality installations and timely reporting

# How Do I Participate? (cont.)

- Proof of statutorily-required insurance submitted by insurance agency
- Once application is approved, enter into a contract with AEP to install eligible measures
- Refer to Program Manuals and Program Websites for additional information

# Customer Eligibility

- Residential distribution customers of TCC, TNC and SWEPCO are eligible to have measures installed at their homes as part of the SOPs
- Eligible customers shall be identified by the Electric Service Identifier (ESI ID) numbers on their electric bill:
  - TCC customer ESI ID's begin with 100327894....
  - TNC customer ESI ID's begin with 102040497....
  - SWEPCO customer ESI ID's begin with 101769896....

# Customer Eligibility

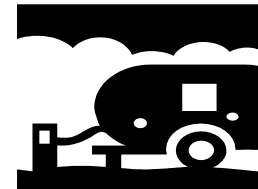
- Hard-to-Reach customers are defined as residential customers who have household income at or below 200% of federal poverty guidelines

<b>Size of Family Unit</b>	<b>Annual Income</b>
1	\$ 23,340
2	\$ 31,460
3	\$ 39,580
4	\$ 47,700
5	\$ 55,820
6	\$ 63,940
7	\$ 72,060
8	\$ 80,180
Each Additional Person Add:	\$ 8,120

- Income guidelines are updated every January and posted on the PUCT website

# Eligible Properties

- Eligible residential properties include:
  - Single-Family properties - Defined as residential dwellings consisting of two or less units (i.e., a duplex or less)
  - Mobile Home properties - Defined as manufactured homes
  - Multi-Family properties - Defined as residential buildings containing three or more dwelling units. These include -
    - ✓ Individually metered Multi-Family properties
    - ✓ Individually metered townhomes
- Residential dwellings or additions completed before January 1, 2013 are eligible for the SOPs



# Eligible Measures

- Air Infiltration control
- Duct sealing
- High-efficiency A/C and heat pump retrofits
- Insulation (ceiling, floor or wall)
- Water heater measures (Hard-to-Reach only)
- CFL (TCC & TNC Hard-to-Reach SOP only)
- Additional eligible measures are listed in the program manuals

# 2015 Program Budgets

- Budgets for the 2015 Residential and Hard-to-Reach SOPs are as follows:

Program	Budget	Project Sponsor Limit
TCC Residential SOP - Large Projects	TBD	\$150,000
TCC Residential SOP - Small Projects	\$1,161,115	\$150,000
TCC Hard-to-Reach SOP	\$953,417	\$75,000
TNC Residential SOP	\$419,610	\$75,000
TNC Hard-to-Reach SOP	\$162,719	\$50,000
SWEPCO Residential SOP	\$810,000	\$125,000
SWEPCO Hard-to-Reach SOP	\$585,000	\$100,000

# TCC Residential SOP - Large vs. Small Projects

- Large Projects
  - Project size equal or greater than \$10,000
  - Reserves funds for program year
  - 5% security deposit
  - Milestone schedule (40% of contract met by May 31, 2015; 75% of contract met by August 31, 2015)
- Small Projects
  - No minimum project size
  - Reserves funds for 30 days
  - Multi-Family properties not eligible
  - First-time participants start here





# Residential & Hard-to-Reach SOPs

- Small Projects
  - No minimum project size
  - Single- & Multi-Family projects are eligible
  - Reserves funds for 30 days
    - Single-Family reservations up to \$5,000 at a time
    - Multi-Family reservations up to \$25,000 at a time
  - Only one reservation may be open at a time

# Incentive Payment Structure

- To encourage a comprehensive range of measure installations across the service territories, the SOPs have established different incentive levels. Each SOP will include different incentive levels for some or all of the following categories:
  - Installation of Standard Single-Family dwelling Measures
  - Installation of Standard Multi-Family dwelling Measures
  - Installation of historically Underserved Measures
  - Installation of measures in certain historically Underserved Counties

# 2015 Incentive Rates

- Incentive rates for Residential and Hard-to-Reach projects are as follows:

Program	\$/kW	\$/kWh
Residential SOP - Standard Single- & Multi-Family (TCC only)	\$242	\$0.08
Residential SOP - Standard Single- & Multi-Family (TNC only)	\$254	\$0.084
Residential SOP - Underserved Counties (TCC & TNC only)	\$296	\$0.10
Residential SOP - Standard Single- & Multi-Family (SWEPCO)	\$280	\$0.09
Residential SOP - Underserved Counties (SWEPCO)	\$340	\$0.11
Hard-to-Reach SOP- Standard Single-Family	\$360	\$0.11
Hard-to-Reach SOP- Standard Multi-Family	\$325	\$0.10
Hard-to-Reach SOP- Underserved Counties	\$400	\$0.13
Hard-to-Reach SOP- Underserved Measures	\$440	\$0.15

# Incentive Payment Limits

- Definite ratios (load factor cap) have been established between the kW and the kWh payment
- The established load factor caps limit the incentive amounts paid for projects that yield relatively little summer or winter peak demand reduction
- To determine the maximum combined demand and energy incentive payment (kW and kWh), multiply the kW savings by each SOP's established load factor cap
  - Residential SOP Load Factor Cap (TCC Only) = \$627/kW
  - Residential SOP Load Factor Cap (TNC Only) = \$654/kW
  - Hard-to-Reach SOP Load Factor Cap = \$920/kW
  - SWEPCO Residential SOP Load Factor Cap = \$750/kW



# Underserved Counties - TCC

ATASCOSA	EDWARDS	KINNEY	UVALDE
BEE	FRIO	LA SALLE	VAL VERDE
BROOKS	GOLIAD	LIVE OAK	WHARTON
CALDWELL	GONZALES	MAVERICK	WILSON
COLORADO	GUADALUPE	MCMULLEN	ZAPATA
DE WITT	JACKSON	MEDINA	ZAVALA
DIMMIT	JIM HOGG	REAL	
DUVAL	KENEDY	REFUGIO	

# Underserved Counties - TNC

BAYLOR	GILLESPIE	RUNNELS
BREWSTER	IRION	SCHLEICHER
BROWN	JEFF DAVIS	STEPHENS
COKE	KIMBLE	STERLING
COLEMAN	MASON	SUTTON
CONCHO	MENARD	UPTON
CRANE	PECOS	
CROCKETT	PRESIDIO	
EDWARDS	REAGAN	

# Underserved Counties - SWEPCO

CHILDRESS

FRANKLIN

HOPKINS

RED RIVER

SMITH

WHEELER

VAN ZANDT

# Registration Timeline

- 1<sup>st</sup> Day to begin program registration and submit application
  - AEP TCC Residential SOP - October 23<sup>rd</sup>, 2014 @ 10:00 a.m. CDT
  - AEP TNC Residential SOP - October 30<sup>th</sup>, 2014 @ 10:00 a.m. CDT
  - AEP TCC Hard-to-Reach SOP - October 30<sup>th</sup>, 2014 @ 10:00 a.m. CDT
  - AEP TNC and SWEPCO Hard-to-Reach SOP - December 5<sup>th</sup>, 2014 @ 10:00 a.m. CST
  - AEP SWEPCO Residential SOP - November 14<sup>th</sup>, 2014 @ 10:00 a.m. CST





# Implementation Timeline

- Implementation begins in 2015
  - Must have approved application status and fully executed agreement
  - Must have 2015 Host Customer Agreement & Acknowledgement (HCA) Forms
  - Must have a budget reservation

Implementation Dates			
	AEP TNC	AEP TCC	AEP SWEPCO
Residential SOP	January 6, 2015 @ 10:00 a.m. CST	<b>Large Projects:</b> January 6, 2015 @10:00 a.m. CST	February 3, 2015 @ 10:00 a.m. CST
		<b>Small Projects:</b> January 6, 2015 @ 10:00 a.m. CST	
Hard to Reach SOP	February 3, 2015 @ 10:00 a.m. CST	February 3, 2015 @ 10:00 a.m. CST	February 3, 2015 @ 10:00 a.m. CST

# Marketing

- AEP will not provide marketing assistance or endorsements
- Approved Project Sponsors:
  - are encouraged to use the one-page brochure provided by AEP and available on the program websites
  - are required to submit all other marketing material, including social media and telemarketing, for pre-approval to AEP prior to use
  - shall **NOT** represent themselves as employees of AEP while conducting marketing activities
  - must comply with all the requirements of the National “Do Not Call” Registry and the Texas “No Call” lists



# Identify Project Opportunities

- Verify customer eligibility
- Original customer signature and date on all required forms
- Reserve funds via online program tracking system
- Install eligible measures
- Original customer signature and date on all required forms to verify completion
- If applicable, supply pre and post CFM readings and “R” Value of Existing Ceiling Insulation on HCA
- Submit monthly reports within online program tracking system

# Required Forms

- Host Customer Agreement and Acknowledgement
  - Customer authorizes work and verifies work completion
  - Customer acknowledges AEP may inspect installations
  - Requires Pre/Post CFM readings for DT and IN
  - Requires existing R-value for CI
- Field Notes Form to be used by crews/installers in the field to capture all relevant measure installation data that is used to calculate savings
- Income Eligibility Verification Forms for Single-Family and Multi-Family properties (Hard-to-Reach only)
- Customer Education Materials (Hard-to-Reach only)

# Measure Installations

- Install approved measures to program requirements. Measures must be installed properly and should be capable of performing their intended function. Please review the TRM for all measure requirements
- Duct Efficiency and Air Infiltration measures include prescriptive requirements (where applicable) that must be treated as a part of the respective measures. Failure to complete prescriptive requirements will result in total measure failure
- Leakage-to-Outside testing required for duct efficiency measure
- 10 year period between measure installations per property

# Reporting Requirements

- Inaccurate reporting results in failures
- All measure installations must be submitted within 45 days
- AEP will process inspection-adjusted Incentive Reports within 45 days under normal circumstances
- Upload all necessary documentation as soon as you submit the monthly report electronically. Your incentive payment is expressly and specifically conditioned upon receipt of all necessary documentation

# Installation Inspections

- Random sample of Measure installations
- Verify that number of installed Measures equals number of reported Measures
- Verify Measure is installed and capable of performing its intended function
- Verify that Measures qualify and that installation standards were followed

# Inspection Adjustments

- All installations will be evaluated on a measure-by-measure basis to calculate an adjustment factor (AF) for the savings and incentive payment
- The calculated AF will then be applied to all the un-inspected sites
- $AF = \frac{\text{Incentive total for measures that pass inspection}}{\text{Incentive total for all measures tagged for inspection}}$



# Program Issues & Concerns

- Inaccurate pre-assessments; i.e. incorrect levels of existing insulation
- Incorrect/poor measure installations
- Failing to complete prescriptive requirements (where applicable) for the air infiltration and duct efficiency measures
- Failing to supply required documentation supporting submitted incentive reports
- Inaccurate representation of relationship between Project Sponsors and the AEP companies
- Multi-Family projects require an ESID for each apartment unit

# Program Websites

- Refer to SOP websites ([www.aepefficiency.com](http://www.aepefficiency.com)) for:
  - SOP schedule
  - Latest program announcements
  - Available funding
  - FAQ's
  - Program Manual
  - Program contact information

Comments and Questions.....