
I**Program Description**

This section includes information about the eligibility requirements, incentive payments, and participation process of SWEPCO's Commercial and Industrial Standard Offer Program. All of this information is also available on the program Web site at www.aepefficiency.com.

Commercial and Industrial (C&I) Standard Offer Program

Overview

The Commercial and Industrial Standard Offer Program (C&I SOP) is a demand-side management (DSM) energy efficiency program targeted to Arkansas Commercial and Industrial customers served by AEP SWEPCO with a maximum peak electric demand of 100 kW or greater. Monetary incentives will be paid to Project Sponsors for the retrofit installation of a wide range of measures that reduce demand and save energy in non-residential facilities.

Participants in the C&I SOP must meet minimum eligibility criteria, comply with all program rules and procedures, submit documentation describing their projects, and enter into a Standard Offer Program Agreement with AEP SWEPCO. This document summarizes eligibility requirements, incentives, the participation process, and other information needed to successfully take part in this program.

Eligibility

Project Sponsor

A program participant (Project Sponsor) must install eligible measures at a SWEPCO non-residential electric distribution customer facility. SWEPCO nonresidential customers must have a maximum peak demand of more than 100 kW to be eligible to participate in the C&I SOP as a Project Sponsor. Eligible Project Sponsors may include:

- National or local energy service companies (ESCOs)
- Local contractors
- National or local companies that provide energy-related services or products (such as lighting or HVAC equipment)
- Individual customers that install measures in their own facilities
- Cities/Counties/Local Governments

To ensure that the program's incentive budget is allocated to projects that are likely to meet with success, all Project Sponsors will be required to demonstrate a commitment to fulfilling program objectives and competency in completing the proposed project. Project Sponsors will be required to submit the following information as part of the application process:

- A description of the Project Sponsor firm, including relevant experience, areas of expertise, and references

- A work plan that covers the design, implementation, operation, and management of the project
- Proof of applicable insurance, licenses, and permits

To ensure that incentives are available to multiple participants, no Project Sponsor may receive more than 20% of the program incentive budget for a given year. An individual Project Sponsor can be a party to multiple applications as long as the total incentive from all such applications does not exceed the 20% limit.

Host Customer

Any Arkansas commercial and industrial SWEPCO customer who owns or operates a site with a maximum peak demand of more than 100 kW may host a project developed by a qualified Project Sponsor or choose to sponsor the project independently. The host customer's responsibilities include the following:

- Committing to an energy efficiency project
- Entering into an agreement with the selected Project Sponsor (or SWEPCO for customer-sponsored projects)
- Providing reasonable access to project facilities both before and after project completion

Project

A project is defined by the set of measures at an eligible SWEPCO distribution customer site and the estimated demand and energy savings included in a single application. All projects must meet the following requirements:

- Each project must include a total estimated summer demand reduction of at least 10 kW. This limitation is included to ensure that projects contribute to the primary program goal of reducing summer peak demand and to minimize administrative costs.
- If the customers and sites proposed are all similar, one project may involve the installation of measures at multiple customer sites. For example, installation of measures at a chain of grocery stores may include more than one customer, but may constitute a single project. This limitation is included to limit administrative costs for due-diligence review of applications and projects.

Projects that include a comprehensive range of measure types are especially encouraged.

Measure

Most energy efficiency measures in retrofit applications that reduce electric energy consumption and summer daytime peak demand are eligible for the C&I SOP. SWEPCO does not specify eligible measures in order to provide Project Sponsors maximum flexibility in packaging services. Therefore, Project Sponsors may propose the inclusion of any measure that

- Produces a measurable and verifiable electric demand reduction during the peak summer period (defined as weekdays, between the hours of 1 p.m. and 7 p.m. from May 1 until September 30, excluding holidays) and produces electric energy savings

- Produces savings through an increase in energy efficiency or a substitution of another energy source for electricity supplied through the transmission grid
- Is installed in a new or retrofit application
- Has a minimum useful life of 10 years (except hard-wired CFLs)
- Exceeds minimum equipment standards as provided in Appendix A

Measure types *excluded* from consideration in the program are those that

- Involve plug loads (i.e., office equipment)
- Involve self-generation or cogeneration, except for renewable technologies
- Rely on changes in customer behavior and require no capital investment
- Result in negative environmental or health effects
- Involve fuel-switching *to* electric
- Receive an incentive through any other energy efficiency program offered by SWEPCO
- Involve Thermal Energy Storage (TES)

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

Table 1 provides examples of eligible and ineligible measures. SWEPCO may consider any measures that are not listed in Table 1 for program eligibility on a case-by-case basis.

Table 1 - Examples of Eligible and Ineligible Measures and Projects	
ELIGIBLE MEASURES	INELIGIBLE MEASURES
<u>Commercial Cooling and Ventilation Measures/Projects*</u>	<ul style="list-style-type: none"> ▪ Measures with an expected life of less than 10 years
<ul style="list-style-type: none"> ▪ Constant air volume to variable air volume conversion projects 	<ul style="list-style-type: none"> ▪ CFLs without hard-wired ballasts or permanent locking mechanisms
<ul style="list-style-type: none"> ▪ Chiller replacement projects 	<ul style="list-style-type: none"> ▪ Cogeneration and self-generation projects, except renewable technologies
<ul style="list-style-type: none"> ▪ Packaged cooling unit replacement projects 	<ul style="list-style-type: none"> ▪ Fuel switching to electric
<ul style="list-style-type: none"> ▪ Air-side economizer projects 	<ul style="list-style-type: none"> ▪ Thermal energy storage projects
<ul style="list-style-type: none"> ▪ Water-side economizer projects 	<ul style="list-style-type: none"> ▪ Load reductions caused by building vacancies, decreased production, or other changes in occupant characteristics or behavior
<ul style="list-style-type: none"> ▪ Fan and pump variable-speed drive installations 	<ul style="list-style-type: none"> ▪ Measures that require no capital investment
<ul style="list-style-type: none"> ▪ Fan and pump motor efficiency upgrades 	<ul style="list-style-type: none"> ▪ Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls
<ul style="list-style-type: none"> ▪ Fuel switching <i>from</i> electric to gas 	<ul style="list-style-type: none"> ▪ Measures for which DSM incentives were received under another SWEPCO program
<u>Commercial Lighting Measures/Projects</u>	<ul style="list-style-type: none"> ▪ Energy-efficient gas-only measures
<ul style="list-style-type: none"> ▪ High-efficiency fluorescent lighting that replaces less efficient lighting 	<ul style="list-style-type: none"> ▪ Controls-only projects
<ul style="list-style-type: none"> ▪ Lighting controls to reduce operating hours 	<ul style="list-style-type: none"> ▪ All motor-efficiency upgrade projects
<ul style="list-style-type: none"> ▪ CFLs with hard-wired ballasts or permanent locking mechanisms 	
<u>Refrigeration Measures/Projects</u>	
<ul style="list-style-type: none"> ▪ Air cooling and refrigeration compressor replacement projects 	
<u>Industrial Measures/Projects</u>	
<ul style="list-style-type: none"> ▪ Variable speed drive installations on industrial fans and pumps 	
<p>* While variable air volume, variable-speed drive, and economizer measures may not individually yield substantial summer peak demand savings, these measures may be packaged with other demand-saving measures to meet the minimum project size requirement.</p>	

Efficiency Standards

SWEPSCO has designed the C&I SOP to encourage electric energy efficiency improvements that go above and beyond the efficiency gains typically achieved in retrofit or replacement projects. Consequently, energy and demand savings credit will be based only on reductions that exceed current state and federal minimum efficiency standards, if such standards apply. In cases where standards do not exist, savings credit will be based on improvements relative to a customer's energy use prior to participating in the program. A list of federal and state equipment efficiency standards is provided in *Equipment Efficiency Standards* in Appendix A of this program manual.

Incentives

SWEPSCO will pay monetary incentives as an inducement for Project Sponsors to participate in this program. The Project Sponsor described above will first execute the necessary contract agreements with SWEPSCO for each project, implement a qualifying project, and complete the project as described in the Project Sponsor application. The incentive prices and payments are summarized below.

Prices

The C&I SOP provides standard incentive prices for demand savings of \$175.00/kW for peak demand reductions and \$0.065/kWh for first-year energy saved as a result of the measures installed.

Demand savings will be calculated as the maximum, one-hour average demand reduction that occurs when the system undergoing retrofit is operating at peak conditions during the summer period. Energy savings are defined as energy savings over the course of one 12-month period.

Savings will be either "deemed"—that is, stipulated through standardized savings values or formulas—or estimated through measurement and verification.

Limitation – maximum Project Sponsor incentives

To ensure that incentives are available to multiple energy efficiency service providers, no Project Sponsor may reserve nor receive more than 20% of the C&I Standard Offer Program incentive budget in a given budget year.

Limitation – project load factor

To limit payments for excessive off-peak energy savings, SWEPSCO has set the maximum incentive payment for each project based upon a project maximum annual load factor (energy savings / (demand savings * 8,760)) of 50%. This corresponds to payment for a maximum of 4,380 kWh of energy savings per every 1 kW of demand savings achieved, i.e., a maximum total incentive payment of \$459.70 per kW of peak demand savings.

Payments

SWEPCO will pay the Project Sponsors in one or two installments depending on the measures involved in the project. For those measures with savings that are *estimates* and require post-installation measurement and verification (M&V), the Project Sponsor will receive an initial payment equal to 40% of the approved incentive reservation amount (which is documented in a Standard Offer Program Agreement) after the project is installed and approved by SWEPCO.

For measures with deemed savings values, the Project Sponsor will receive a payment equal to 100% of the approved incentive payment after a project is installed and approved by SWEPCO. Therefore, the total “installation payment” is determined by

1. Calculating the portion represented by those measures with estimated savings (the "estimated installation payment") using the following equation:

$$\text{Estimated installation payment} = 0.4 * [(\text{estimated peak demand kW savings} * \$175.00) + (\text{estimated annual kWh savings} * \$0.065)]$$

2. Calculating the portion represented by those measures with deemed savings values (the "deemed installation payment") using the following equation:

$$\text{Deemed installation payment} = (\text{deemed peak demand kW savings} * \$175.00) + (\text{deemed annual kWh savings} * \$0.065)$$

3. Adding the estimated portion to the deemed portion to get the total installation payment:

$$\text{Installation payment} = \text{Estimated installation payment} + \text{Deemed installation payment}$$

For non-deemed savings measures, all M&V activities must be complete, documented, and accepted by SWEPCO before the Project Sponsor will receive the remaining incentive payment based on the one-year verified savings. This “performance payment” will be equal to the actual savings minus the estimated installation payment and may be up to 60% of the total approved estimated incentive payment. Therefore, the performance payment will be calculated as follows:

$$\text{Performance payment} = [(\text{measured peak demand savings} * \$175.00) + (\text{measured annual energy savings} * \$0.065)] - \text{estimated installation payment}$$

Under no circumstances will SWEPCO make a total incentive payment (i.e., the sum of the installation payment and the performance payment) that is more than 100% of the total estimated incentive payment specified in the SOP Agreement. If, however, M&V activities indicate that the measured savings are less than the estimated savings, the total incentive payment may be less than the payment estimated in the agreement.

Special Incentive Cases

Projects involving lighting and/or fuel switching measures are subject to limitations on their total incentive payment.

Lighting Measures

SWEPCO encourages comprehensive energy efficiency projects through its C&I SOP. Therefore, lighting measures, including lighting efficiency, lighting controls, and lighting interactive savings, are limited to 65% of the demand and energy savings receiving incentive payments for each project. In cases where lighting measures provide more than 65% of a project's demand and energy savings, they will receive incentives up to a *maximum* of 65% of the total project incentive. When a project consists of lighting measures only, compensation for the demand and energy savings shall not exceed 65% of maximum incentive amount.

To determine the correct lighting incentive amount, the Project Sponsor must multiply the total project demand and energy savings by 65% and compare these values to the estimated lighting demand and energy savings. If 65% of the total project demand or energy savings is greater than the estimated lighting savings, the project's lighting incentive payment is calculated as described in the previous sections. If 65% of the total project demand or energy savings is less than the respective estimated lighting savings, the lighting incentive payment is calculated based on 65% of the total project savings.

For example, a Project Sponsor has a project with demand and energy savings as shown in the following table:

	Demand Savings	Energy Savings
Lighting Measures	180 kW	350,000 kWh
Motor Measures	30 kW	200,000 kWh
Total Savings	210 kW	550,000 kWh

To determine the demand portion of the total incentive payment, the Project Sponsor

1. Calculates the maximum amount of demand savings allowed from lighting measures using the following equation:

$$210 \text{ kW} * 0.65 = 136.5 \text{ kW}$$

2. Compares this value with the amount of demand savings being claimed for the lighting measures. Since the maximum value (136.5 kW) is less than the claimed value (180 kW), the Project Sponsor uses the maximum value when calculating the total demand savings portion of the project's incentive payment, as shown in the following equation:

$$\$175.00 * (136.5 \text{ kW} + 30 \text{ kW}) = \$29,137.50$$

To calculate the incentive for the same project's energy savings, the Project Sponsor uses a similar approach:

1. Calculate the maximum amount of energy savings allowed from lighting measures as follows:

$$550,000 \text{ kWh} * 0.65 = 357,500 \text{ kWh}$$

2. Compare the resulting value with the amount of energy savings being claimed for lighting measures. In this case, the maximum allowed (357,500 kWh) is more than the claimed savings (350,000 kWh), so the latter value is used to calculate the total energy savings portion of the project's incentive payment:

$$\$0.065 * (350,000 \text{ kWh} + 200,000 \text{ kWh}) = \$36,237.50$$

The total project incentive is therefore calculated as follows:

$$\$29,137.50 + \$36,237.50 = \$65,375.00$$

Fuel Switching Measures

Projects involving fuel switching (i.e., to gas or absorption chillers) shall have the electricity savings reduced by the amount of the new fuel consumption; refer to Chapter 10 of the M&V Guidelines in Section III to determine how to calculate fuel switching savings. As mentioned earlier, fuel switching to electric is not an eligible measure in the C&I SOP.

Participation Process

The Project Sponsor participation process is as follows.

Project Sponsor (PS)

American Electric Power SWEPCO (AEP)

1. **PS** Reviews C&I SOP Manual (on web site) – AEPefficiency.com
2. **PS** Completes and submits Initial Application [IA] (on-line)
 - (if applicable – Project Sponsor and Customer Agreement must be received by AEP within 15 business days of IA submittal)
3. **AEP** Reviews and Approves Initial Application
 - (within 15 business days of IA submittal)

4. **PS** Submits applicable documentation, hardcopy (see Appendix I)
5. **PS** Submits Final Application [FA] (on-line)
 - (within 15 business days from IA approval)
6. **PS** Submits Security Deposit
 - (must be received by AEP within 20 business days of IA approval)
 - (*the greater of \$500 or 5% of the requested incentive amount*)
7. **AEP** Conducts pre-measure installation inspection
8. **AEP** Approves Final Application (within 45 business days of FA submittal)
9. **PS** Accepts, saves, prints, signs and submits two copies of the C&I SOP Agreement (from the web site)
 - (must be received by AEP within 15 business days of the FA approval)
10. **AEP** Signs the C&I SOP Agreement
11. **AEP** Mails one executed copy of the C&I SOP Agreement to the PS
12. **PS** Installs the new energy efficiency measure(s)
 - (within 6 months of the Effective Date of the Agreement)
13. **PS** Submits the Installation Report [IR] (on-line)
 - (within 15 business days from measure installation)
14. **PS** Submits applicable documentation, hardcopy (see Appendix I)
 - (*if applicable* – Customer Acknowledgement Form must be received by AEP within 15 business days from measure installation)
15. **AEP** Conducts post-measure installation inspection
16. **AEP** Approves the Installation Report
 - (within 30 business days of IR submittal)

17. **PS** Submits the Savings Report [SR] (on-line)
 - (within 18 months of the Effective Date of the Agreement)
18. **AEP** Approves the Savings Report
 - (within 30 business days of SR submittal)
19. **AEP** Processes the incentive payment
20. **PS** Receives payment

Initial Application

Project Sponsors begin the Initial Application (IA) process on-line at www.aepefficiency.com. The Initial Application shall contain the following information:

- Identification of the Project Sponsor.
- Identification of the host SWEPCO customer site(s).
- Description of the proposed set of energy-efficiency measures and associated incentives requested.
- Brief work plan for project design, implementation, operation, and management, including the anticipated project timeline.

Initial Applications will be reviewed on a first-come, first-served basis until all incentive funding has been committed. A third (3rd) party Project Sponsors must submit the Project Sponsor and Customer Agreement so SWEPCO can receive it within fifteen (15) business days of the IA submittal. Once SWEPCO has provided feedback on the Initial Application and reserved funding for the project, the Project Sponsor may move on to a more detailed refinement of the project. This information will be submitted in the Final Application phase. A typical review cycle for Initial Applications is 15 business days.

Final Application

Project Sponsors must complete a Final Application (FA) to participate in the program. The FA must be submitted within 15 business days from the date the IA was approved. If this deadline is not met, the FA will be rejected, the Project Application will go back to the IA-not submitted stage and the previously reserved incentive request will be unreserved at this point. If the Project Sponsor decides to resubmit the IA, SWEPCO will not approve the IA (no funds reserved) until the applicable Security Deposit has been received by SWEPCO. This application describes the proposed measures, project sites, estimated demand and energy savings, and estimated incentive payments based on a detailed engineering study and site audit. This application will include the following information, submitted by the Project Sponsor:

- Detailed information about the host customer site(s) and customer contact information.
- Full description of the existing and proposed equipment, including equipment counts, equipment efficiencies, and equipment nameplate data.
- Building occupancy and equipment operating schedules.
- Engineering calculations estimating energy and demand savings based on the efficiency of the proposed equipment compared to that of new, minimum-standard efficiency equipment.
- A project-specific M&V plan describing how the sponsor will monitor and verify energy and demand savings, the methods for calculating actual savings, and a

schedule for conducting and reporting on M&V activities. In some cases, pre-installation M&V activities may be required to accurately estimate savings.

- Revised work plan for project design, implementation, operation, and management, including the anticipated project timeline.
- A signed Project Sponsor and Customer Agreement.
- Refundable security deposit in the form of cashier's check or irrevocable letter of credit (Example: Appendices G) equal to the greater of 5% of the incentive amount requested or \$500 must be received by SWEPCO within twenty (20) business days from the IA approval.

SWEPCO may also review the feasibility of the proposed measures, the accuracy of the savings estimates, and the comprehensiveness of the M&V plan. SWEPCO may request clarification of or additional information about any item in the application. Project Sponsors will have ten working days to respond to such requests. If the clarification or additional information is not forthcoming, SWEPCO may choose to discontinue its evaluation of the application. If the project is approved, SWEPCO will reserve the appropriate amount of incentive funds for the project and prepare a Standard Offer Program Agreement. A typical review cycle, including the inspection, for Final Applications is 25 business days for measures involving the simplified M&V guidelines, and 45 business days for measures involving the full M&V guidelines.

Pre-Installation Inspection

After receiving the Final Application, SWEPCO may, at its sole discretion, conduct a pre-installation inspection of the project site or plans to verify the baseline conditions documented in the application and the feasibility of installing the proposed equipment. SWEPCO will contact the Project Sponsor and complete the inspection within 30 business days of the receipt of a complete Final Application. The pre-installation inspection requires the presence of at least one representative of the Project Sponsor familiar with the project and the facility so that any discrepancies can be identified simultaneously by all parties. The inspection will verify the following information:

- The accuracy of the equipment survey. For most measures the accuracy of the equipment quantity and nameplate information is verified. For lighting measures, the requirement for acceptance is that the total error of the installed demand of the sample must be within $\pm 5\%$ of the total demand submitted on the survey form.
- The M&V plan is appropriate for the measure, and the necessary M&V activities are being performed.
- All existing equipment listed in the Final Application is still in place and operational.
- New equipment installation, or preparation for installation, has not begun.

When electrical measurements are necessary, the representative(s) is required to perform any necessary disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. If the pre-

installation inspection cannot be completed in a timely manner because the representative(s) is unfamiliar with the facility or project, the project site will fail the inspection.

If a project site fails two inspections, SWEPCO will either reject the project, retain the security deposit and release the reserved incentive funds, or conduct additional inspections at the Project Sponsor's expense.

If the proposed equipment has been installed before the pre-installation inspection and the baseline conditions cannot be verified, SWEPCO may reject the Final Application, retain the security deposit and release the reserved incentive funds.

Standard Offer Program Agreement

The Project Sponsor shall execute a Standard Offer Program Agreement and SWEPCO must receive this executed Agreement within fifteen (15) business days of the FA approval. The Project Sponsor is required to sign the contract with SWEPCO before installing any measures. The terms of the contract will be standard for all Project Sponsors, and will include the measures to be installed, estimates of demand and energy savings, a maximum incentive payment associated with the project, and the approved M&V approach.

Installation Report

The Project Sponsors must submit an Installation Report (IR) to SWEPCO within fifteen (15) business days from measure installation. A third (3rd) party Project Sponsors must submit the Customer Acknowledgement Form so SWEPCO can receive it within fifteen (15) business days from measure installation. The Installation Report contains a detailed description of the energy-efficient equipment actually installed, and the operating conditions at the customer's site. An approved Installation Report will serve as an invoice for the first incentive payment—the installation payment. This payment is 40% of the incentive estimate approved in the Installation Report. A typical review cycle, including the inspection, for Installation Reports is 30 business days.

Post-Installation Inspection

SWEPCO will contact the Project Sponsor and may conduct a post-installation inspection of the project site within 30 business days of the receipt of a complete Installation Report. The post-installation inspection requires the presence of at least one representative of the Project Sponsor familiar with the project and the facility. The inspection shall verify that:

- The equipment specified in the Standard Offer Program Agreement has been installed and is operating as described in the approved Final Application. For most measures the accuracy of the equipment quantity and nameplate information is verified. For lighting measures, the requirement for acceptance is that the total error of the installed demand of the sample must be within $\pm 5\%$ of the total demand submitted on the survey form.
- The M&V plan is being followed in accordance with the approved Final Application.

When electrical measurements are necessary, the representative(s) is required to perform any necessary disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. If the post-installation inspection cannot be completed in a timely manner because the representative(s) is unfamiliar with the facility or project, the project site will fail the inspection.

If a project site fails two inspections, SWEPCO will either reject the project, retain the security deposit and release the reserved incentive funds, or conduct additional inspections at the Project Sponsor's expense.

Measurement and Verification

Before the total incentive payment is made, the potential for the project measures to save demand and energy must be verified and the actual savings estimated. These activities will be conducted in accordance with the M&V plan developed for the project. Project Sponsors are responsible for developing their own M&V plans conducting all M&V activities for the project.

M&V procedures will vary in detail and rigor depending on the measures installed. For each installed measure, the chosen procedures will depend upon the predictability of equipment operation, the availability of evaluation data from previous programs, and the benefits of the chosen M&V approach relative to its cost.

Project-specific M&V procedures may be classified according to three distinct approaches that represent increasing levels of detail and rigor.

- **Deemed savings:** Savings values are stipulated based on engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, without on-site testing or metering. This approach can be used only for measures for which savings are relatively certain, such as lighting efficiency and controls.
- **Simple M&V:** Savings values are based on engineering calculations using typical equipment characteristics and operating schedules developed for particular applications, with some short-term testing or simple long-term metering. For example, chiller energy and demand savings can be determined using the simple approach by comparing rated efficiencies of high-efficiency equipment to standard equipment, and using kW spot-metering and simple long-term kWh metering.
- **Full M&V:** Savings are estimated using a higher level of rigor than in the deemed savings or simple M&V approaches through the application of metering, billing analysis, or computer simulation. These methods will need to be developed in accordance with the 2001 International Performance Measurement and Verification Protocol (IPMVP), which represents the starting point for standard industry practice. More information about the IPMVP may be found on the Internet at www.ipmvp.org. Using the IPMVP as a guide, SWEPCO has developed several measure-specific guidelines to help ensure consistency and quality of the M&V performed by Project

Sponsors. Project Sponsors will need only to adapt the guidelines to their specific projects in order to specify a project-specific M&V plan for the application stage.

The time required to complete M&V activities will range from less than a month to up to 12 months, depending on the approach chosen. Refer to the M&V section of this manual for details regarding the M&V guidelines for the program.

Savings Report

After all M&V activities are complete, the Project Sponsor shall complete a Savings Report (SR) documenting the project's measured demand and energy savings. An approved Savings Report will serve as the invoice for the final incentive payment – the performance payment. This payment is based on the project's verified savings minus the amount paid in the installation payment. The total incentive payment (installation payment plus performance payment) cannot exceed the incentive payment stated in the Standard Offer Agreement. A typical review cycle for Savings Reports is 30 business days.

Deadlines

To encourage the timely completion of projects, the following deadlines have been established:

The Project Sponsor and Customer Agreement must be received by SWEPCO within fifteen (15) business days of the Initial Application (IA) submittal.

Final Application (FA) must be submitted within fifteen (15) business days from the date the (IA) was approved. If this deadline is not met, the FA will be rejected, the Project Application will go back to the IA-not submitted stage and the previously reserved incentive request will be unreserved at this point. If the Project Sponsor decides to resubmit the IA, SWEPCO will not approve the IA (no funds reserved) until the applicable Security Deposit has been received by SWEPCO.

A refundable security deposit in the form of cashier's check or irrevocable letter of credit equal to the greater of 5% of the incentive reservation amount requested or \$500 is required. The Security Deposit must be received by SWEPCO within twenty (20) business days from the date the IA was approved.

Commercial and Industrial Standard Offer Program Agreement (Agreement) must be received by SWEPCO within fifteen (15) business days of the FA approval.

Measure installation must be complete within six (6) months from the Effective Date.

The Installation Report (IR) must be submitted within fifteen (15) business days from measure installation; extensions may be granted by SWEPCO on a case-by-case basis.

The Customer Acknowledgement Form must be received by SWEPCO within fifteen (15) business days from measure installation.

The Savings Report must be submitted to SWEPCO within thirty (30) business days of the conclusion of M&V activities and within 18 months of the execution of the Standard Offer Agreement.

Correspondence

All applications will be completed on-line at the C&I SOP web site. All supporting documentation will be submitted to the appropriate SWEPCO SOP Coordinator listed below.

All correspondence and documentation for the C&I SOP in AEP SWEPCO's Arkansas service territory should be directed to the address below:

AEP SWEPCO

Attn: Greg Perkins, DSM/EE Coordinator

101 W. Township

Fayetteville, AR 72703

Phone: (479) 973-2435

E-mail: gaperkins@AEP.com

Confidentiality

The C&I SOP is subject to oversight by the Arkansas Public Services Commission, which may request a copy of any program materials received by SWEPCO. Sensitive company and project information, such as financial statements, should be identified as "confidential" when submitted to SWEPCO. These materials will be treated confidentially, and will not be provided directly to outside parties other than the APSC. SWEPCO will have no liability to any Project Sponsor or other party as a result of public disclosure of any submittals.

Participation Costs

SWEPCO will not reimburse any Project Sponsor for any costs incurred by participating in the C&I Standard Offer Program, including costs of preparing the Final Application or reviewing the Standard Offer Program Agreement. SWEPCO will retain the security deposit provided by Project Sponsor pursuant to Section I (Program Description) of the SOP Procedures Manual unless and until Project Sponsor receives approval of (i) for Measured Savings, the Installation Report and Savings Report documenting Measures representing seventy-five percent (75%) of the total incentive payment set forth in Section 7.1, or (ii) for Deemed Savings, the Installation Report documenting Measures representing seventy-five percent (75%) of the total incentive payment set forth in Section 7.1. Furthermore, in the event Project Sponsor fails to adhere to the SOP timelines set forth in the SOP Procedures Manual, the security deposit may be retained. If Project Sponsor chooses to resubmit the Project, an additional security deposit will be required.

Submission of False Information

SWEPCO reserves the right to discontinue its evaluation of all submittals from any Project Sponsor who, in the sole judgment of SWEPCO, submits false, misleading, or incorrect information.

Web Site

The C&I SOP web site at www.aepefficiency.com will serve as the primary source for all updated program information and materials. The web site will include the following:

- Information that describes the program design and requirements
- Contact information to receive more information about the program
- A list of frequently-asked questions (FAQ) about the program
- Status updates on program funding available and committed
- Downloadable guidelines, applications, and submittal forms