

2009 COMMERCIAL STANDARD OFFER PROGRAM
SMALL PROJECT MASTER AGREEMENT

This 2009 Commercial Standard Offer Program Small Project Master Agreement (the "Agreement") is made and entered into by and between **AEP TEXAS NORTH COMPANY**, a Texas corporation (hereinafter "TNC"), and _____ (hereinafter "Project Sponsor") (TNC and Project Sponsor each hereinafter referred to as a "Party" and together as the "Parties") for all completed projects resulting in less than 25 kW of Peak Demand Savings in 2009. In consideration of the mutual covenants and agreements hereinafter set forth, the adequacy and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - TERM AND TERMINATION

The term of this Agreement shall commence on the date of execution by TNC (the "Effective Date") and, unless otherwise terminated as set forth herein, shall continue in force and effect for a period of fifteen (15) months from the effective date or until final payment by TNC of the amounts due pursuant to Article V herein, whichever first occurs.

ARTICLE II – CONTRACT DOCUMENTS

"Contract Documents" shall mean: (i) Project Sponsor's completed internet Profile and Qualifications; (ii) the SOP Manual, attached hereto and incorporated herein as Exhibit A; (iii) the Terms and Conditions, attached hereto and incorporated herein as APPENDIX 1; and (iv) this Agreement together with any and all other exhibits, addenda, or amendments referenced herein or made a part hereof in accordance with this Agreement.

ARTICLE III--COMPLIANCE WITH SOP MANUAL

3.1 By executing this Agreement, Project Sponsor acknowledges that it received a copy of the SOP Manual (Exhibit A) prior to signing the Agreement and that it acknowledges that the SOP Manual describes program procedures and incentive payment process. Project Sponsor represents and affirms that its participation in the SOP has at all times been in compliance 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 Agreement notwithstanding the fact that such failure occurred prior to the execution of this Agreement. Project Sponsor 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 Agreement.

3.2 Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of both Parties, unless expressly provided otherwise in the SOP Manual. Any such agreement shall be attached hereto and incorporated herein for all purposes.

3.3 All terms and conditions of this Agreement shall govern and be incorporated into any Incentive Request submitted by Project Sponsor, and all Measures, energy savings and demand savings, requested incentive amounts, and other details relating to a Project as set forth in the Project Application shall be incorporated into this Agreement.

ARTICLE IV - PROJECT IMPLEMENTATION

4.1 The Project Sponsor shall install all Measures on the premises of eligible customers whereby the total peak demand savings are less than 25 kW and submit the completed Installation Report on the program web site. Project Sponsor shall submit a completed Project Sponsor and Customer Agreement form and a completed Customer Acknowledgement form within 30 days of the Project completion or December 15, 2009, whichever comes first.

4.2 Within thirty (30) days of receipt of an Installation Report, TNC shall complete an inspection of a statistically significant sample of the Measure installations at the Project Site. This inspection shall be used to determine whether the Measures were installed and are capable of performing their intended function of producing Energy Savings and Peak Demand Savings. If TNC reasonably determines that the Measures at the Project Site(s) have been installed, tested and inspected to the extent required by TNC and found to be capable of providing Peak Demand Savings and Energy Savings in material compliance with the Contract Documents, the Installation Report will be approved as submitted. As set forth in the SOP Manual, a Load Factor cap governs the total payment allowed, based on the ratio between demand and energy savings from a Project. If TNC is unable to inspect Measure installations at the Project Site, those Measures may be counted as failures.

4.3 TNC's PAYMENT OF INCENTIVE PAYMENT(S) TO PROJECT SPONSOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON TNC RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT. FAILURE BY PROJECT SPONSOR TO DELIVER ANY REQUIRED NOTICE, SUBMITTAL, OR MATERIAL WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT SHALL BE DEEMED A MATERIAL BREACH OF THIS AGREEMENT.

ARTICLE V – PAYMENT

TNC will make the Incentive Payment within forty-five (45) days of its receipt and approval of the Installation Report submitted by Project Sponsor according to Section 4.1 of this Agreement. The Incentive Payment will be one hundred percent (100%) of the amount due for the Deemed Savings set forth in an approved Installation Report.

ARTICLE VI - NOTICES

6.1 All notices from one Party to the other will be deemed to have been delivered if hand delivered or sent by United States mail to the following addresses:

TNC
AEP Texas North Company
910 Energy Drive
Abilene, TX 79602
Phone: 325-674-7341
Attn: Gary J. Throckmorton

Project Sponsor

6.2 Either Party may change its address by written notice to the other in accordance with this Article VI.

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

AEP Texas North Company
By: _____
Name: Billy G. Berny _____
Title: Manager, DSM Compliance _____
Date: _____

PROJECT SPONSOR
By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

Commercial Standard Offer Program Manual

The Official Manual, for Purposes of Exhibit A, Commercial SOP Manual, is the file available for download in PDF format on the Downloads/Tools page of the www.AEPefficiency.com web site. The Project Sponsor should download and print this file for inclusion as Exhibit A of the Small Project Master Agreement.

APPENDIX 1

Terms and Conditions

The Terms and Conditions, for Purposes of Appendix 1, is the file available for download in PDF format on the Downloads/Tools page of the www.AEPefficiency.com web site. The Project Sponsor should download and print this file for inclusion as Appendix 1 of the Small Project Master Agreement.