Definitions

Baseline: The calculated or measured energy use by a piece of equipment or a site prior to the implementation of the project's energy efficiency measures. Baseline physical conditions, such as equipment counts, nameplate data, and control strategies, will typically be determined through surveys, inspections, and/or metering at the site. For purposes of determining estimated and measured energy savings under the standard offer program, the baseline is defined as the lesser of: (1) the energy consumed by equipment with efficiency levels that meet or exceed the applicable federal and state standards, and (2) the energy consumed by existing equipment.

Business Day shall mean normal working days (8:00am – 5:00pm), Monday through Friday, January 1 through December 31, excluding holidays.

Coincidence Factor: A stipulated or measured value used to estimate the percentage of lighting fixtures operating simultaneously during the summer peak period of 1 p.m. to 7 p.m. on weekdays from May 1 until September 30, excluding holidays.

Customer: Any individual, non-residential distribution customer of a participating AEP operating company (AEP Texas Central Company, Southwestern Electric Power Company, and AEP Texas North Company) distinguished by a unique address or ESI ID number. For the Commercial Standard Offer Program, customers with a maximum demand of more than 50 kW.

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.

Demand Savings: Calculated as the maximum, one-hour average, demand reduction in kW that occurs when the system undergoing retrofit is operating at peak conditions during the summer period. The summer period is defined as weekdays, between the hours of 1 p.m. and 7 p.m. from June 1 until September 30, excluding holidays.

Energy Efficiency Measure: A piece or system of equipment or material that reduces electric energy consumption and summer daytime peak demand.

Energy Savings: Defined as kWh savings over the course of one 12-month period. Savings will be either stipulated through standardized savings values or formulas ("deemed savings") or estimated through measurement and verification.

Final Application (FA): The purpose of the Final Application is to detail the expected energy savings and incentive payments for each project, to be included in the standard offer contract that AEP and the Project Sponsor will sign. The Final Application will require more complex engineering estimates than the IA, and will ask for documentation that customer agrees to participate. The Final Application must be submitted within fifteen (15) business days from the date the Initial Application was approved by AEP.

Full Measurement and Verification: 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.

Initial Application (IA): In the IA, Project Sponsors must identify customers and energy efficiency measures, but need not have completed a detailed engineering study. AEP's approval of the IA signifies that funding has been reserved for the project for a limited time.

Installation Payment: The first incentive payment equal to 40% of the total estimated incentive reservation made to a Project Sponsor. In cases where all measures included in a project have "deemed" savings values, the Installation Payment may be up to 100% of the total estimated incentive reservation.

Installation Report (IR): After installation of all measures is complete, the Project Sponsor shall submit an IR, containing a detailed description of the energy-efficient equipment (measures) actually installed, and the operating conditions at the customer's site. The IR must be submitted to AEP within fifteen (15) business days from measure installation.

Load Factor: A ratio of the actual annual energy (kWh) savings versus the maximum potential annual energy (kWh) savings that could result from a project that has demand (kW) savings.

Measurement and Verification (M&V): The M&V plan shall be submitted with the FA, and specifies the M&V activities to be conducted by the Project Sponsor to determine the actual kWh and kW savings resulting from the completed project.

Performance Payment: The second incentive payment (for projects where deemed savings do not apply) equal to the total incentive calculated from actual savings, minus the Installation Payment, up to 60% of the total estimated incentive payment.

Post-Installation Inspection: A post-installation inspection of the project verifies if the equipment specified in the standard offer contract has been installed and is operating as described in the approved Final Application. In addition, the inspector will verify that the M&V plan is being followed in accordance with the approved FA.

Power Adjustment Factor: A stipulated or measured value used to estimate the reduction in operating hours associated with a lighting retrofit.

Pre-Installation Inspection: A pre-installation inspection of the project site at AEP's sole discretion to verify the baseline conditions documented in the application and the feasibility of the project.

Project: The term "project" refers to a set of measures at an eligible distribution customer site(s). To be eligible, a project must be expected to save at least 10 kW.

Project Sponsor: Any person, organization or group that contracts with AEP to provide energy and/or demand savings by installing demand-side management measures at eligible customer sites under the program(s).

Sampling Plan: For the purposes of estimating energy usage for certain types of projects, particularly lighting projects, the sampling units will be stratified into usage groups.

Savings Report (SR): The Project Sponsor shall submit a SR documenting the total project demand and/or energy savings after all M&V activities are complete.

Simplified Measurement and Verification: Savings values 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.

Summer Period: Summer Period is defined as weekdays, between the hours of 1 p.m. and 7 p.m. from May 1 until September 30, excluding holidays.

Standard Offer Program Agreement: All Project Sponsors participating in any of the standard offer programs (SOP) shall be required to sign a standard offer program agreement with AEP. The terms and pricing of the contract are standard for all participants, and will include a contracted demand and/or energy savings estimate, and a maximum estimated incentive payment for the Project Sponsor. This executed Agreement must be received by AEP within fifteen (15) business days of the Final Application Approval.

Usage Group: A collection of equipment (e.g., motors or rooms with light fixtures) with similar operating schedules and functional uses.