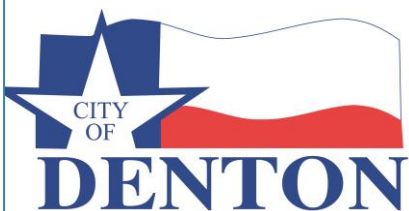




Manual



GreenSense Incentive Program Manual

Program Introduction

The objective of the GreenSense Incentive Program is to reduce energy demand and consumption by promoting energy conservation, thereby reducing the utility bills of Denton Municipal Electric (DME) customers, reducing the peak load of the DME's electric system, reducing emissions in the state, and promoting energy conservation. The Program offers incentives, in the form of credits on the electric service bills of DME retail customers. Cash incentives may be paid to retail customers for the installation of photovoltaic applications.

In light of additional costs associated with the GreenSense Incentive Program ("Program") and to mitigate potential risk to ratepayers, any participant in the Program must be, at the time this program is applied for and continuing while such program is in effect, a customer in good standing of all Denton Municipal Utilities, including Solid Waste services. Unless legal review procedures have been invoked in good faith regarding the obligation, a customer in good standing for the purpose of this Rider is defined as a customer not owing any unpaid utility or solid waste debt obligation that is over forty-five (45) days past due to the City of Denton, Texas during the previous 12 months.

Program applicants will be able to qualify for multiple incentives simultaneously, unless specified in the individual incentive guidelines. A separate application may be necessary for each incentive. The Program will be in effect each fiscal year beginning on October 1, until the allotted funding is depleted or until cancellation of the program by DME. At the time the funds are depleted, no additional applications for participation will be accepted until the next fiscal year.

Qualifying applicants must receive electric service from DME. The Program guidelines and payments are subject to change by DME without prior notice. DME may, at any time, discontinue the Program without prior notice. The current program guidelines may be found in the GreenSense Incentive Program Manual located at www.dmepower.com.

Application for Payment

In order for energy efficient upgrades to qualify under the Program Guidelines, an Application for Payment form must be completed and submitted within thirty (30) days of installation of the energy efficient upgrades. For the overall effects of the energy efficiency upgrades to be measurable and verifiable through the deemed standards approved by the Public Utility Commission of Texas (PUCT), the complete information must be recorded for each installation. Applications for Payment, which must be accompanied by a copy of the invoice detailing work completed and efficiency measures installed as well as any technical data on the installed energy efficient upgrade, must be complete and submitted to the Conservation Program Coordinator.

Payment

Some energy efficiency upgrades must be permitted and shall be inspected and approved by the City's Building Inspection division, before rebates will be processed. Incentives shall be in the form of a rebate credit to the electric utility accounts of DME customers that purchase the qualifying energy efficiency upgrades. After submitting a Request for Payment, customers can expect to receive the rebate credit in 4 to 10 weeks. Incomplete or erroneous information can cause delays in payment.

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Energy Efficiency Rebates

Installers

The installer that installs the prescribed and approved energy efficient upgrades must be registered with the City at the time of the installation. To become a registered Program installer, submit a GreenSense Rebate Installer Form to the Conservation Program Coordinator. Do-It-Yourself installs by property owners qualify for energy efficiency rebates.

The City does not endorse any product, service, individual or company. Selection of a registered installer/contractor to perform work is the sole decision of the program participant. Any list of registered installers/contractors represents those companies who have registered themselves with the City. There is no work guarantee or warranty, expressed or implied, as to the quality, cost or effectiveness of the work performed by the contractor, employees or subcontractors.

Requirements

- Applicants must be property owner.
- All equipment must be new when purchased. No leased or lease to purchase equipment.
- No rebate will be paid on a partial installation.
- All installations must be for accounts served by Denton Municipal Electric.
- All installations must meet all applicable national, local, and manufacturers' codes and specifications.
- An itemized and dated invoice from the contractor or retailer along with application.
- All application submissions are subject to lawful verification of identification and entitlement to the Program credit by DME.
- A pre and/or post inspection might be required.
- Requests for payment must be received by Conservation Program Coordinator within thirty (30) days of installation.

Note: Individual rebates are limited to funds availability. DME may change Program guidelines, payments, and/or discontinuance without prior notice.

<u>For more information contact:</u>	Conservation Program Coordinator
Office Number	(940) 349 – 7733
Email Address	Rebates@CityofDenton.com
Mailing Address	Conservation Program Coordinator 215 E. McKinney Street Denton, TX 76201

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Heating Ventilation Air Conditioning System (HVAC)

DME is offering a rebate up to \$400 for the purchase and installation of high-efficiency central air conditioners with gas heat, electric heat pumps, and geothermal heat pumps for existing residential and commercial facilities. No new construction applications will be accepted.

Rebate Amounts:	1.0 to 2.5 Ton Units	\$200
	3.0 to 5.0 Ton Units	\$400

HVAC Requirements

- Equipment must have a minimum of 16 SEER rating
 - Both condensing unit and evaporator coil must be replaced
 - Installations must be made by a licensed contractor
 - Installation must be permitted, inspected and approved by the City of Denton's Building Inspections Department
 - All applications must meet requirements on Page 4 of this manual
-

Smart Thermostat

DME is offering a rebate of 50 percent of invoice, not to exceed \$50.00 for the installation of a smart thermostat. No new construction applications will be accepted.

Smart Thermostat Requirements

- Thermostat must offer internet connectivity for remote management
 - All applications must meet requirements on Page 4 of this manual
-

Attic Reflective Radiant Barrier

DME is offering a rebate 20 percent of invoice, not to exceed \$300.00 per structure for the installation of 80 percent or more reflective radiant barrier in accessible attic space on existing structures. No new construction applications will be accepted.

Radiant Barrier Requirements

- Installations must be on rafters or under decking
- Reflectivity and square footage must be included on invoice and application
- All applications must meet requirements on Page 4 of this manual

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Attic Insulation

DME is offering a rebate of 50 percent of invoice, not to exceed \$400.00 for the installation of attic insulation of at least R-49. No new construction application will be accepted.

Attic Insulation Requirements

- Insulation must be installed between conditioned and unconditioned areas
- Garages and other non-conditioned areas do not qualify
- The current insulation level of each home must be determined and documented
- Square footage of installation area must be included on invoice and application.
- All applications must meet requirements on Page 4 of this manual

Air Duct

DME is offering a rebate of 30 percent of invoice, not to exceed \$200.00 for the replacement or repair of an air duct systems located in unconditioned space. No new construction applications will be accepted.

Air Duct Requirements

- Materials used should be long-lasting materials (mastics, foil tape, aerosol-based sealants)
- The current air loss level of each system shall be determined and documented by the installer
- Materials used shall be documented on invoice (i.e. insulation, mastics, tape, aerosol, etc.)
- Invoice must specify whether home has slab or crawlspace and number of stories
- All applications must meet requirements on Page 4 of this manual

Solar Screens

DME is offering a rebate of 30 percent of invoice, not to exceed \$200.00 per structure for the installation of solar screens on windows in conditioned space.

Solar Screens Requirements

- Solar screens must block at least 90 percent of solar heat gain.
- Structures will only qualify for this rebate once per 12-month period.
- Reflectivity and square footage must be included on invoice and application.
- All applications must meet requirements on Page 4 of this manual

Windows

DME is offering a rebate of 30 percent of invoice, not to exceed \$500.00 per structure for the installation of energy efficient windows in conditioned space.

Windows Requirements

- Windows must have a U-Factor of 0.29 or less AND a Solar Heat Gain Coefficient (SHGC) of 0.22 or less
 - Structures will only qualify for this rebate once per 12-month period
 - Window sticker and square footage must be included on invoice and application
 - All applications must meet requirements on Page 4 of this manual
-

Solar Water Heater

DME is offering a rebate of 30 percent of invoice, not to exceed \$300.00 per structure for the installation of a solar water heater.

Solar Water Heater Requirements

- Solar water heater must be sized to accommodate a family of four, at minimum
 - Solar water heater must preheat water for an electric water heater that is permanently installed at the structure
 - Solar water heater must have permanently installed electric backup
 - Structures will only qualify for this rebate once per 12-month period
 - All applications must meet requirements on Page 4 of this manual
-

Electric Vehicle

DME is offering a rebate of \$300 for the purchase of a Plug-In Electric Vehicle.

Electric Vehicle Requirements

- Hybrid vehicles do not qualify for a rebate
- Separate application (see page 10) to be submitted with:
 - Proof of Purchase
 - Proof of Registration
 - Registration address must be within DME service territory and served by DME

Multifamily Incentive

DME is offering rebates for the purchase and installation of energy efficient upgrades for any existing multifamily complex located on one property. No new construction applications will be accepted.

Requirements

- Applications must be completed and approved PRIOR to installation due to limited funds availability
- All requirements for upgrades listed below are the same as the individual incentives detailed in pages 4 to 7 of this Manual

Upgrade	Incentive	Cap (not to exceed)
Central HVAC	\$400.00 each	\$2,400
Smart Thermostats	\$10.00 each	\$200
Attic Insulation	\$0.30 per square foot	\$1,200
Air Ducts	30% of total cost	\$600
Solar Screens	\$3.00 per square foot	\$800
Windows	\$2.00 per square foot	\$1,500

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Electric Vehicle Application

Applicant Name:

DME Account:

Phone Number:

Email:

Vehicle Registration Address:

Plug-In Vehicle Make, Model, & Year:

Plug-In Vehicle Trim Level (i.e. Nissan Leaf S, SV, or SL)

Plug-In Vehicle VIN:

Battery can be charged at (check all that apply):

☐ Level 1 (120 volts) ☐ Level 2 (240 volts) ☐ DC Fast Charge

I hereby certify that the information I provided above are true and correct to the best of my knowledge. I understand that any false information may disqualify me from receiving the Electric Vehicle Rebate. I agree to charge my electric vehicle during the off-peak hours of 10:00 PM to 7:00 AM.

Date:

Signature:

Solar Photovoltaic Incentive

All City of Denton requirements for Distributed Generation, including documents for this rebate, are located in the Distributed Generation Manual.

Those interested in participating in the Solar Photovoltaic Incentive (SPI) must either have a DME electric account or own the property that has, or will have, a DME electric account where the photovoltaic system is to be installed. The photovoltaic system must be owned by the SPI participant. Only DME customers in good standing will be eligible to receive the rebate. All customers must have insurance for their property.

The incentive for qualifying photovoltaic system equipment is \$0.75 per AC Watt up to \$30,000, not to exceed 50% of total install cost. The incentive for qualifying photovoltaic system with battery storage equipment is \$1.50 per AC Watt up to \$30,000, not to exceed 50% of total install cost.

DME neither expressly nor implicitly warrants any work performed by a contractor, employees, or subcontractor. DME does not endorse any product, service, individual or company. Selection of an installer/contractor to perform work is the sole decision of the program participant. DME makes no warranties whatsoever that participant will realize any energy savings as a result of any installs of the program. In no event shall DME be responsible for any direct, special, incidental, consequential, punitive, exemplary or indirect damages in tort, contract, warranty, negligence, strict liability or under any indemnity provision or otherwise related to any installs or the SPI. Customer assumes the risk of any loss or damage(s) that the customer may suffer in connection with its participation in the SPI.

Customers requesting interconnection and parallel operation of Distributed Generation must complete the DME approved Application for Interconnection and receive approval from DME prior to installing. Any connection to the distribution or transmission system without proper prior approval will result in the immediate disconnection of service. Service will not be restored until any required studies are completed, the installation has been inspected and approved by DME, and an interconnection agreement has been executed.

All City of Denton requirements for Distributed Generation, including documents for this rebate, are located in the Distributed Generation Manual.

For more information contact:	Program Administrator
Office Number	(940) 349 – 7529
Email Address	solar@cityofdenton.com
Mailing Address	Energy Programs 1659 Spencer Road Denton, TX 76205

Standard Offer Incentive

Program Participant

DME offers incentives for customers with a peak demand of 200 kW or more that are interested in making energy efficiency upgrades to their facility. Standard Offer Incentive (SOI) participants must have a DME General Service Medium (GSM), General Service Large (GSL) and/or General Service Time of Use (TGS) electric account where the upgrades are to be completed. The peak demand reduction must be a minimum of 50 kW.

Upgrades must be pre-approved, in order to qualify for the rebate. Participant must submit written permission for DME to discuss their account and energy consumption with the installer. Only DME customers in good standing will be eligible to receive the rebate.

DME does not endorse any product, service, individual or company. Selection of a registered installer/contractor to perform work is the sole decision of the program participant. Any list of registered installers/contractors represents those companies who have registered themselves with DME. There is no work guarantee or warranty, expressed or implied, as to the quality, cost or effectiveness of the work performed by the contractor, employees or subcontractors.

Denton Municipal Electric makes no financial commitment to applicants until an application is accepted and a Letter of Intent (LOI) is issued. The LOI is valid for 90 days for a PV system to be installed. Under extenuating circumstances, applicants may request extensions to their LOI. Requests for LOI extension must be submitted prior to LOI expiration, in writing, accompanied by a detailed explanation of the reason for the delay. Contractor must demonstrate that the cause of the delay is out of their control along with substantial progress toward project completion. Extensions will be granted at the sole discretion of DME. PSI participants forfeit their incentive reservation once the LOI has expired.

Acceptable projects may include: Lighting retrofit, HVAC upgrade, Motor replacement

Unacceptable projects include those that: Rely on customer behavior, Involve cogeneration and demand management including generation from renewable, Have a negative impact on the environment, Have no capital investment, Plug loads

Installers

Installer that installs the prescribed and approved energy efficient upgrades does not need to be registered as a DME Authorized Installer. Installer must submit the application along with estimated cost, estimated demand savings, and method of kW savings calculations. Installers must also submit detailed information for each project including scope of work, specific equipment being removed and installed. DME will review the application and supporting documents for acceptance.

Standard Offer Incentive 50 - 100

DME is offering commercial customers \$100.00 per kilowatt (kW) saved, less than or equal to 100 kW, over the minimum set by city, state, and federal energy efficiency standards, not to exceed 50 percent of total project cost.

- Customer must have a minimum peak demand of 200 kW
- The demand reduction must be a minimum of 50 kW
- Replaced equipment must be disposed of and cannot be put back into service
- The energy efficiency upgrade must be in service for at least ten (10) years
- Equipment must meet all codes and permitting requirements
- Lighting incentive will not count for more than 65 percent of total project

Application Process

- The following must be submitted to the Energy Programs Coordinator for evaluation and acceptance:
 - Standard Offer Incentive Form
 - Proposal showing estimated cost, estimated demand savings, and method of kW savings calculation
- Customer will receive confirmation that the application was received via e-mail
- DME will review the application to determine if the project will be accepted
- Customer will receive a LOI if the project has been accepted
- Customer will be contacted to schedule an initial inspection
- Within 30 days of the completion of the project, the customer will contact the Energy Programs Coordinator to schedule a final inspection. This inspection is strictly for the purpose of qualifying for the rebate, not to take the place of Building Inspections or internal quality control
- Following final inspection, demand reduction will be verified

<u>For more information contact:</u>	Program Administrator
Office Number	(940) 349 – 7529
Mailing Address	Energy Programs 1659 Spencer Road Denton, TX 76205

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Standard Offer Incentive 100 +

DME is offering commercial customers \$125.00 per kilowatt (kW) saved, more than 100 kW, over the minimum set by city, state, and federal energy efficiency standards, not to exceed 50 percent of total project cost.

- Customer must have a minimum peak demand of 200 kW
- The demand reduction must be a minimum of 101 kW
- Replaced equipment must be disposed of and cannot be put back into service
- The energy efficiency upgrade must be in service for at least ten (10) years
- Equipment must meet all codes and permitting requirements
- Lighting incentive will not count for more than 65 percent of total project

Application Process

- The following must be submitted to the Energy Programs Coordinator for evaluation and acceptance:
 - Standard Offer Incentive Form
 - Proposal showing estimated cost, estimated demand savings, and method of kW savings calculation
- Customer will receive confirmation that the application was received via e-mail
- DME will review the application to determine if the project will be accepted
- Customer will receive a LOI if the project has been accepted
- Customer will be contacted to schedule an initial inspection
- Within 30 days of the completion of the project, the customer will contact the Energy Programs Coordinator to schedule a final inspection. This inspection is strictly for the purpose of qualifying for the rebate, not to take the place of Building Inspections or internal quality control
- Following final inspection, demand reduction will be verified

<u>For more information contact:</u>	Program Administrator
Office Number	(940) 349 – 7529
Mailing Address	Energy Programs 1659 Spencer Road Denton, TX 76205

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Standard Offer Incentive Form

(To be completed by DME Customer Representative.)

Received Date		Submitted Ck Req	
Received By		Amount Paid	

CUSTOMER INFORMATION		
Company Name		Account No
Contact Person	Title	Telephone No
Email Address		
Site Address		
Description of Study:		

CONSULTANT INFORMATION		
Company Name		
Contact Person	Title	Telephone No
Email address		
Company Address		

By signing below, you agree that you are duly authorized by the Customer to make decisions on its behalf and you represent to DME that you have read, understand and agree to abide by the terms, conditions, and requirements written in the SOI section of the GreenSense Incentive Program Manual. You are also granting release of historical usage information to be sent to the consultant to be used in the demand reduction analysis.

Print Name

Signature

Date

Engineering Audit

Program Participant

Those interested in participating in the Engineering Audit (Audit) must have a DME General Service Large (GSL) and/or General Service Time of Use (TGS) electric account where the Audit is to be performed. Only DME customers in good standing will be eligible to receive the rebate. Each customer site is eligible for one detailed audit every three years.

DME neither expressly nor implicitly warrants any part of the audits. Customer understands that, while DME may provide a program to encourage energy efficiency, DME is not liable or responsible in any way for the performance or results of the audits or the Program. DME makes no warranties whatsoever that customer will realize any energy savings as a result of the audits or the program. In no event shall DME be responsible for any direct, special, incidental, consequential, punitive, exemplary or indirect damages in tort, contract, warranty, negligence, strict liability or under any indemnity provision or otherwise related to the audits or the Program. Customer assumes the risk of any loss or damage(s) that the customer may suffer in connection with its participation in the audits or the Program.

Customers requesting an engineering audit must fill out an Audit application and submit it to the Energy Programs Coordinator. The Energy Programs Coordinator will review the application and if approved, the customer will be notified and the detailed audit shall be completed by a professional engineer within ninety (90) days of approval by DME.

For more information contact:	Program Administrator
Office Number	(940) 349 – 7529
Mailing Address	Energy Programs 1659 Spencer Road Denton, TX 76205

Auditor

Audit participants are encouraged to receive several quotes before entering a contract with an engineering firm. Engineering firm must have written permission from DME customer in order to exchange energy information with DME.

Engineers are required to submit completed audit reports and a copy of the invoice to the Program Manager within thirty (30) days after audit is done.

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Minimum Scope of Work:

Once approved, the engineering audit shall include the following components:

- Schedule of the customer site visit
- Identify the current status of any customer plans for equipment purchase, vendors under consideration, vendor bids, plans for new construction/expansion, and/or other changes
- Identify the customer's schedule requirements (budget cycle, equipment lead-time issues, construction schedules, planned plant shutdowns, etc.)
- Identify what the customer needs to have to get an energy efficiency measure (EEM) implemented (financial criteria, maximum budget, etc.)
- Energy Use Baseline: Estimate the baseline energy use for all existing major electric equipment related to facility operations (i.e. refrigeration, air compressors, lighting, motors, etc.) based on historical usage provided to you by DME
- EEMs
 - Clearly and concisely describe EEMs and EEM alternatives, and describe the source of energy savings
 - Identify the customer's business reasons (i.e. maintenance, energy efficiency, safety, end-of-life, production increase) for wanting a detailed audit done at the facility
 - Create a sketch to fully illustrate the current system. This sketch may include distances, controls, piping and instrumentation diagram (P&ID), process flow and any other pertinent information that affects the current or future function of the system
 - Make an assessment of the potential project costs and energy and cost savings for the EEMs
 - Include a description of your calculation methodology and how costs were estimated
 - Include current Power Factor (PF), proposed PF, savings, and cost estimate
 - An executive summary will be included in the report with a summary table of measures showing the description, current kilowatt and kilowatt-hours per year (kW & kWh/yr), proposed kW & kWh/yr, kW & kWh/yr savings, cost estimate, potential DME incentive, simple payback before incentive, and simple payback after incentive

Incentive

The incentive for qualifying audits is up to 50% of the total audit cost, not to exceed \$5,000 for DME participation.

Applying for the Engineering Audit Program does not disqualify eligible customers from applying for other DME incentives. Any customer's costs, including maintenance, in-house labor, overhead, direct or indirect, are not included in the cost of the audits and are not part of the reimbursement to be paid by DME.

Denton Municipal Electric makes no financial commitment to applicants until an application is accepted and a Letter of Intent (LOI) is issued by DME. The LOI is valid for 90 days for a detailed audit to be performed. Under extenuating circumstances, applicants may request extensions to their LOI. Requests for LOI extension must be submitted prior to LOI expiration, in writing, accompanied by a detailed explanation of the reason for the delay. Extensions shall be granted at the sole discretion of DME. Program participants forfeit their incentive reservation once the LOI has expired.

Incentives are given in the form of a check to the program participant. Customers do not have the option to have rebate sent directly to the contractor. Incentive payment will be issued within four (4) weeks after DME has reviewed final audit report.

Any application for which funding is not available will be returned to the applicant. DME does not have a waiting list or queue.

[See Detailed Audit Application on following page.]

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Detailed Audit Application

(To be completed by DME Customer Representative.)

Received Date		Submitted Ck Req	
Received By		Amount Paid	

CUSTOMER INFORMATION		
Company Name		Account No
Contact Person	Title	Telephone No
Email Address		
Site Address		
Description of Study:		

CONSULTANT INFORMATION		
Company Name		
Contact Person	Title	Telephone No
Email address		
Company Address		

By signing below, you agree that you are duly authorized by the Customer to make decisions on its behalf and you represent to DME that you have read, understand and agree to abide by the terms, conditions, and requirements written in the Engineering Audit section of the GreenSense Incentive Program Manual. You are also granting release of historical usage information to be sent to the consultant to be used in the energy audit analysis.

Print Name

Signature

Date

ERCOT Emergency Response Service

The objective of the Emergency Response Service (“ERS”) is to decrease energy demand on the Electric Reliability Council of Texas (“ERCOT”) grid by reducing the electric demand of Denton Municipal Electric’s (“DME”) electric system, during times of ERCOT system emergencies, thereby lessening the likelihood of the need for firm load shedding (a.k.a, “rolling blackouts”).

The Service offers incentives, through ERCOT, to qualified DME customers that make themselves available for deployment in an electric grid emergency. Customers may shed load or start backup generators to fulfill their obligations. Those interested in participating in this program will be able to choose between a ten (10) minute (ERS-10) and thirty (30) minute (ERS-30) deployment.

Customers will be able to choose from four time periods:

Time Period 1	Hours Ending 0600 – 0800 (5:00:00a.m. to 8:00:00a.m.) Monday through Friday except ERCOT Holidays
Time Period 2	Hours Ending 0900 - 1300 (8:00:00a.m. to 1:00:00p.m.) Monday through Friday except ERCOT Holidays.
Time Period 3	Hours Ending 1400 - 1600 (1:00:00p.m. to 4:00:00p.m.) Monday through Friday except ERCOT Holidays.
Time Period 4	Hours Ending 1700 - 1900 (4:00:00p.m. to 7:00:00p.m.) Monday through Friday except ERCOT Holidays.
Time Period 5	Hours Ending 2000 - 2200 (7:00:00p.m. to 10:00:00p.m.) Monday through Friday except ERCOT Holidays.
Time Period 6	All other hours

DME’s Energy Management Operations (EMO), on behalf of ERS Resources, will submit offers for one or more ERS Time Periods. Time Periods are given within a four-month Contract Period: October through January, February through May, and June through September. Customers bid for specific Time Periods and ERCOT awards contracts based on price and location. This Service will be in effect each fiscal year beginning on October 1, until program cancellation by ERCOT.

The ERS service will not be activated until the total anticipated reduction amount enrolled exceeds 2,000 kW.

To qualify for this service, applicants must receive electric service from DME. Program guidelines and payments are subject to change by ERCOT without prior notice.

For more information contact:

Office Number	(940) 349 – 7137
Mailing Address	Energy Program 1659 Spencer Road Denton, TX 76205

Program Participant

This program is only for General Service Medium (GSM), General Service Large (GSL) and General Service Time of Use (TGS) customers who voluntarily enroll in the Service and have an interval data recorder or smart meter. To be considered for this service, customers must have a historic peak demand of at least 200 kW. DME retains the sole right to determine eligibility for ERS.

Customers must successfully complete unannounced testing requirements that consist of an approximately thirty (30) minute curtailment. Participants must have a system in place that allows to drop committed load within eight (8) or twenty five (25) minutes.

The ERS program states a customer shall be obligated for a maximum deployment time of eight (8) cumulative hours during a contract period which can be spread over two events. In addition there is a one hour test that can be called on an unannounced basis by ERCOT. While the ERS program states a customer is obligated for up to eight hours of deployment, ERCOT also reserves the right to maintain ERS response service an additional four hours if necessary. This can result in an ERS provider ultimately providing up to twelve (12) hours of total response service during a contract period. Upon completion of a deployment event, customers shall return to a condition that will allow them to meet their contracted obligations within ten (10) hours.

Determination of an Event

ERCOT will deploy ERS-10 only during Energy Emergency Alerts (EEA) level 2 or 3 and may deploy ERS-30 only during EEA levels 1, 2 or 3.

EEA Level 1 – Power Watch: < 2,300 MW of on-line reserves

EEA Level 2 – Power Warning: < 1,750 MW of on-line reserves

EEA Level 3 – Power Emergency: On-line reserves continue to decline

Compensation

Participants are paid the Market Clearing Price if their ERS offer is accepted by ERCOT. ERCOT pays based on the availability and performance of the committed customer. All payments are made to the EMO by ERCOT seventy (70) days after end of the Contract Period. Compensation shall be based on actual hours in each Time Period.

The penalties for non-compliance may be a reduction or elimination in capacity payments and possible suspension from the Service.

ERCOT communicates directly with DME's EMO as a QSE. To participate in ERS, a customer must have a contract with DME EMO, which will provide all the administration of the Service. EMO services fee will be twenty-five (25) percent of awarded Market Clearing price.

Award = Clearing Price x MW Committed x Number of Hours