

## CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

### Subchapter H. ELECTRICAL PLANNING.

#### DIVISION 2. ENERGY EFFICIENCY AND CUSTOMER-OWNED RESOURCES.

##### §25.185. Energy Efficiency Incentive Program for Military Bases.

- (a) **Purpose.** The purpose of this section is to provide implementation guidelines for the Military Bases Standard Offer Program (Military Bases SOP) mandated by Public Utility Regulatory Act (PURA) §39.910. Energy efficiency projects installed under the Program must result in reductions in energy consumption and energy costs.
- (b) **Application.** This section applies to electric utilities, as that term is defined in §25.5 of this title (relating to Definitions), in areas not subject to customer choice pursuant to PURA §39.102(a), including electric utilities conducting a pilot retail competition project under PURA §39.103 and §39.104.
- (c) **Eligibility for incentives.** Military bases, retail electric providers, and competitive energy service providers are eligible to receive energy efficiency incentives from electric utilities. Military bases may act as their own project sponsors and receive incentives directly from the electric utility to install energy efficiency projects in their facilities. Retail electric providers and competitive energy service providers may enter into a contract with an electric utility and receive incentives to install energy efficiency projects only if they have an agreement with the military base. The military base is not under any obligation to enter into an agreement with a third-party to provide energy efficiency services. A retail electric provider operating as an energy efficiency service provider in a utility service area that is not subject to customer choice may not sell or market retail electric services in that area, unless a pilot project is being conducted in the area under PURA §39.103 and §39.104.
- (d) **Program goal.** The goal of the Military Bases SOP is to reduce energy consumption of military bases by 5.0%, as compared to consumption levels in 2002, by January 1, 2005. Utilities will meet this goal by making sufficient incentives available based on the cost-effectiveness and avoided cost standards as set forth in §25.181(e) of this title (relating to Energy Efficiency Goal) and subsection (f) of this section. The goal shall be expressed as an aggregate based on the individual military bases' consumption in an electric utility's service area.
- (e) **Definitions.** The words and terms in §25.181 of this title apply to this section unless modified in this subsection. In addition, the following words and terms, when used in this section shall have the following meanings unless the context clearly indicates otherwise:
- (1) **Competitive energy service provider** — Energy efficiency service provider.
  - (2) **Energy efficiency service provider** — A person who installs energy efficiency measures or performs other energy efficiency services. An energy efficiency service provider may be a retail electric provider or a military base, if the person has executed a standard offer contract.
  - (3) **Military base** — A federally owned or operated military installation or facility that is not scheduled for closure under the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. §2687), and subsequent amendments with a cumulative peak demand of three megawatts or greater.
  - (4) **Project sponsor** — An energy efficiency service provider that has an executed standard offer contract with an electric utility.
  - (5) **Standard offer program** — A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

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**(f) Basic program elements.**

- (1) The Program will offer incentives under the Military Bases Standard Offer Program (Military Bases SOP).  
Figure: 16 TAC §25.185(f)(1)
- (2) The Military Bases SOP is subject to the guidelines of §25.181(j) and (l) of this title, except for the following provisions:
  - (A) Programs need not be developed to address each customer class as required under §25.181(j)(2)(A) of this title.
  - (B) Lighting measures need not be limited to 65% of the projected savings as required by §25.181(j)(2)(G) of this title.
  - (C) Military bases, acting as a project sponsor, need not provide the documentation required under §25.181(j)(2)(N) of this title.
- (3) Incentive payments shall be made for energy and peak demand savings. For the purpose of this section, incentive payments for military bases, as individual customers, shall not exceed 50% of the cost effectiveness standard set forth in §25.181(e) of this title. Incentive payments may be increased to 100% of the cost-effectiveness standard if the end-use beneficiary qualifies as a hard-to-reach customer residing on a military base.
- (4) Incentive payments are made to the project sponsor who is under contract with the utility. The project sponsor is responsible for producing the energy savings regardless of whether it is the military base. The project sponsor, if other than the military base, is not obligated to pass on or share incentive payments with the military base.
- (5) Inspection, measurement and verification requirements shall be consistent with the Military Bases SOP and in accordance with §25.181(l) of this title. Deemed savings estimates adopted under §25.184(d) of this title (relating to Energy Efficiency Implementation Project) may be used in lieu of measurement and verification, where appropriate.
- (6) Cost effectiveness and avoided cost criteria shall be consistent with §25.181(e) of this title.
- (7) Projects or measures under this program are not eligible for incentive payments or compensation if:
  - (A) A project would achieve demand reduction by eliminating an existing function or shutting down a facility or operation;
  - (B) It would result in building vacancies or the re-location of existing operations to locations outside of the facility or the area served by the participating utility;
  - (C) A measure would be installed even in the absence of the energy efficiency service provider's proposed energy efficiency project;
  - (D) A project results in negative environmental or health effects, including effects that result from improper disposal of equipment and materials;
  - (E) The project involves the installation of self-generation or cogeneration equipment, except for renewable demand side management or fuel cell technologies; or
  - (F) The measure has less than a ten-year life or is a plug-in load.

**(g) Utility administration.** An electric utility shall administer the Military Bases SOP in a market-neutral, nondiscriminatory manner. An electric utility may not offer underlying competitive services. The cost of administration for the Military Bases SOP may not exceed 20% of the total program budget.

- (1) Administrative costs include costs necessary for electric utility conducted inspections and the costs necessary to meet the following requirements:

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**§25.185(g)(1) continued**

- (A) Conduct informational activities designed to explain the Military Bases SOP to energy efficiency service providers, military base personnel, and vendors;
  - (B) Review and select proposals for energy efficiency projects in accordance with the Military Bases SOP guidelines and applicable rules of the standard offer programs under §25.181(j) of this title, and subsection (f)(1) of this section;
  - (C) Inspect projects to verify that measures were installed and are capable of performing their intended function, as required in §25.181(l) of this title, before final payment is made; and
  - (D) Review and approve project sponsor savings monitoring reports.
- (2) Only projects installed within the electric utility's service area are eligible for incentives under this program.
  - (3) An electric utility may not count the energy and demand savings achieved under the Military Bases SOP towards satisfying the requirements of PURA §39.905.
  - (4) Incentives paid for energy and demand savings under the Military Bases SOP may not supplement or increase incentives made for the same energy and demand savings under programs pursuant to PURA §39.905 or any other energy efficiency program subject to cost recovery.
  - (5) The electric utility shall compensate project sponsors for energy efficiency projects in accordance with the applicable rules of the standard offer programs under §25.181(j) of this title and the requirements of this section.
- (h) **Reporting and cost recovery.** Each utility shall track its energy efficiency expenditures separately from other expenditures and report these to the commission. Costs associated with the Military Bases SOP under this section shall be recovered through a commission-approved surcharge or other rate mechanism. The utility may, but is not required to, request recovery of such costs independent of a general rate case.
- (1) By April 1, 2004, each utility will file with the commission a plan indicating for calendar year 2004:
    - (A) The program goal for its service area as prescribed in subsection (d) of this section;
    - (B) The amount of incentive funds, by incentive level, being made available;
    - (C) The type of outreach activities conducted; and
    - (D) A listing of military bases expected to participate in the program.
  - (2) By April 1, 2005, each utility will file with the commission a report, indicating for calendar year 2004:
    - (A) A listing of military bases participating in the Military Bases SOP; and
    - (B) The amount of energy and demand savings under contract, by incentive level.
  - (3) By January 1, 2006, each utility will file with the commission a final report, indicating for the calendar year 2004:
    - (A) The amount of energy and demand savings achieved;
    - (B) The total amount spent on administrative activities and incentives in the program;
    - (C) An explanation for the reasons why the goal under subsection (d) of this section was not met, if applicable; and
    - (D) The amount, by cost category, for which the electric utility is seeking cost recovery.
  - (4) Only costs that have resulted in energy savings counting towards the goal are subject to recovery.
  - (5) Reported energy savings must be measurable and documented.