

Ethos Engineering
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October 21, 2024

Ethos Engineering has been an approved sponsor of the AEP SOP program for 10 years. Every year we assist our clients in receiving incentives from the SOP program. While the SOP incentives are filed and received by the sponsor, Ethos shares these with our clients. The SOP incentives that the client will receive from Ethos will always be higher than that via the competing programs. In addition, Ethos is always available to assist the client energy manager in all their consulting needs.

Following is a schedule of payment we can offer **you** for all your ongoing projects.

Schedule of Payment

Incentives for Owner shall be at least **15% higher** than the competing program offered by AEP and managed by CleaResult. The competing program incentives are calculated as follows:

- \$150/kW for lighting and HVAC measures for new construction or renovations.
- \$200/kW for chiller replacements and LED lighting.

I have attached an MOU for your signature. Please contact us if you have any questions or need additional information.

Sincerely,

Cesar Gonzalez, PE
Principal
Ethos Engineering



MEMORANDUM OF UNDERSTANDING BETWEEN PROJECT SPONSOR AND CUSTOMER

This is a Memorandum of Understanding between Ethos Engineering (the "Project Sponsor") and Hidalgo County (the "Customer") for available incentives in years 2024 and 2025.

Pursuant to Texas Government Code Section 2254 and Texas Local Government code Section 262.024, "The Texas Professional Services Procurement Act," the Customer wishes to engage with the Project Sponsor for professional engineering services on the basis of demonstrated competence and qualifications to perform the services and for the incentive payments as described herein.

OVERVIEW

Project Sponsor is a participant in the Commercial & Industrial Standard Offer Program ("SOP") developed by American Electric Power ("AEP").

The SOP, a program developed to comply with Public Utilities Commission of Texas (PUCT) Substantive Rule [§251.181](#), which implements the energy efficiency goal of SB7. AEP pays incentives to service providers who design, install or facilitate energy efficiency measures in non-residential facilities that are located within AEP's Texas service territories. Participants in the program, referred to as Project Sponsors, are required to meet minimum eligibility criteria, comply with all program rules and procedures, and sign a standard agreement with AEP, which includes estimates of how many kW and kWh the project will save and the associated incentive payment amount. The Project Sponsor collects documentation, performs detailed energy analysis and submits an Initial Application (IA). After approval of the IA, a Final Application (FA) is submitted with backup calculations and documentation. After installation is complete, Project Sponsor submits the Installation Report followed by the Savings Report. Once the measures are installed and the savings are verified, the Project Sponsor receives incentive payments based on the project's savings.

The Program Sponsor and the Customer desire to work together in accordance with this MOU in order to obtain an incentive payment under the SOP, and to provide payment to the Customer of a percentage of that incentive payment as set forth in this MOU.

Project Sponsor and Customer agree to the Terms set forth in this MOU.

TERMS

1. The obligations of the Project Sponsor under this MOU are contingent upon the purchase and installation by the Customer of the energy efficiency measures as described below or such other alter energy efficiency measures as AEP may approve for purposes of the SOP:

Materials and Equipment to be installed (quantity and model numbers as appropriate):
[As identified in the Initial Application.](#)

2. Customer shall have no obligation under this MOU to purchase or install the materials and equipment or to expend any funds for any purpose, but if it does so the Project Sponsor shall provide such reasonable assistance to the Customer in said purchase and installation as the Customer may request. Any actual purchase of materials, equipment and installation services will be done under applicable purchasing laws applicable to the Customer and not through the Project Sponsor.
3. Project Sponsor agrees to inspect any such equipment and materials installed and upon proper installation, conduct all calculations, measurement and verification (M&V) activities required to obtain incentive payments.
4. Customer shall have the right to cancel this MOU at any time and for any reason prior to midnight of the third business day following the date of this MOU. Customer may exercise this right of cancellation by providing the Project Sponsor any written statement that is signed and dated by Customer, and stating Customer's intention to cancel this MOU.
5. Project Sponsor guarantees that no mechanics or material liens will be placed on Customer's property relating to the installation of measures pursuant to this MOU.
6. Customer acknowledges that the Project Sponsor is receiving an incentive made available through a utility-funded program. Within 45 days after receipt of each payment of Incentive monies, [Project Sponsor shall deliver a portion of such funds to the Customer.](#) See schedule of payment.
7. Customer acknowledges that any view, inspection, or acceptance by AEP of the Customer's equipment installation or of the design, construction, installation, operation or maintenance of the equipment is solely for the information of AEP and that, in performing any such inspection or review or in accepting the installed equipment, AEP makes no representation or warranty whatsoever as to the economic or technical feasibility, capability, safety, merchantability, reliability or other benefits of the equipment, or its compatibility with the Customer's facilities.
8. Customer acknowledges that Project Sponsor is an independent contractor with respect to AEP and the SOP, and that Project Sponsor is not authorized to make representations or incur obligations on behalf of AEP. Customer further acknowledges

that AEP is not a party to the Customer MOU and that Project Sponsor is solely responsible for performance hereunder.

9. Customer agrees that Project Sponsor shall have the right to make this Customer MOU and all Customer utility bills, project documentation, contractor invoices, and technical information available.
10. Customer agrees to complete the Project Sponsor- Customer Agreement, and the Customer Acknowledgement Forms. See attachments.
11. Owner will provide AEP access to the project site for any purpose related to the C&I Standard Offer Program. Access shall be provided during Owner's normal business hours and in compliance with Owner's reasonable access requirements.
12. Customer acknowledges that AEP makes no warranty or representation regarding the qualifications of Project Sponsor, and that is solely responsible for the selection of Project Sponsor.
13. Customer agrees to release AEP from any and all claims, demands, losses, damages, costs, and legal liability including, but not limited to 1) injury or death of persons, 2) damage to natural resources, 3) violation of any local, state, or federal law or regulation including, but not limited to, environmental and health and safety laws or regulations, 4) strict liability imposed by any law or regulation, 5) equipment malfunctions, or 6) energy savings shortfalls arising out of, related to, or in any way connected with the Project, regardless of any strict liability or negligence of AEP, whether active or passive, excepting only such claims, demands, losses, damages, costs, expenses, liability, or violation of law or regulation as may be caused by the active negligence or willful misconduct of AEP, and resulting from its acceptance of the project for participation in the C&I Standard Offer Program.

Customer

Project Sponsor

By: _____

By: _____


Cesar Gonzalez, PE
Ethos Engineering

Schedule of Payment

Incentives for Owner shall be at least 15% higher than the competing program offered by AEP and managed by CleaResult. SCORE program incentives are calculated as follows:

- \$150/kW for lighting and HVAC measures for new construction or renovations.
- \$200/kW for chiller replacements and LED lighting.

Project Sponsor and Customer Agreement
AEP Texas 2024 Commercial Standard Offer Program

This document is only required for Project Sponsors (energy efficiency service providers) submitting a Commercial Standard Offer Program (CSOP) Application on behalf of an AEP Texas distribution customer. Please list each customer site.

Project Name: Hidalgo County - New Construction and Renovations Project Number: _____

Project Location/Site (list all sites): County-wide Projects

Estimated Start Date: Jan 1, 2024 Estimated Completion Date: Dec 15, 2024

1. Customer agrees, upon five (5) business days' prior oral notice, to provide AEP Texas and the independent measurement and verification expert selected by the PUCT with full and complete access to the Project Site for any purpose related to the CSOP. The right of access will be subject to Customer's reasonable access requirements and, unless otherwise agreed, must occur within the Customer's normal business hours.
2. Customer acknowledges that any view, inspection, or acceptance by AEP Texas of the project site or of the design, construction, installation, operation or maintenance of the measures is solely for the information of AEP Texas and that, in performing any such inspection or review or in accepting the measures, AEP Texas makes no representations or warranty whatsoever as to the economic or technical feasibility, capability, safety or reliability of the measures, their installation by the Project Sponsor, or their compatibility with Customer's facilities.
3. Customer acknowledges that the energy efficiency project would not have been completed or would have been completed with less efficient measures except for the CSOP and the incentive provided through it.
4. Customer acknowledges that the Project Sponsor is an independent contractor with respect to AEP Texas and the CSOP and that the Project Sponsor is not authorized to make representations or incur obligations on behalf of AEP Texas.
5. Customer acknowledges that AEP Texas is not a party to the Customer Agreement and that the Project Sponsor is solely responsible for performance thereunder.
6. Customer acknowledges that AEP Texas makes no warranty or representation regarding the qualifications of the Project Sponsor, and that the Customer is solely responsible for the selection of the Project Sponsor.
7. Customer acknowledges that the Customer may file a complaint with the PUCT concerning Project Sponsor, but that AEP Texas will play no role in resolving any disputes that arise between the Customer and Project Sponsor. File complaint at: PUC – Customer Protection, PO Box 13326, Austin, TX 78711-3326, Fax: (512) 936-7003, E-mail: customer@puc.texas.gov or online at <https://www.puc.texas.gov/consumer/complaint/Complaint.aspx>.
8. Customer acknowledges for a project that involves retrofitting existing lighting fixtures to operate on the facilities distribution line voltage of at least 110 volts, warning labels will be installed on each retrofitted fixture to alert anyone performing maintenance of the potential for a shock hazard.
9. Customer agrees to release AEP Texas and any individual, corporation, partnership, limited liability company, association, trust, or other business organization of any kind directly or indirectly controlling, controlled by, or under common control with AEP Texas and its and their respective shareholders, members, partners, officers, directors, managers, trustees, incorporators, agents, attorneys, consultants, servants, representatives and employees from any and all claims, demands, losses, damages, costs, and legal liability including, but not limited to 1) injury or death of persons, 2) damage to natural resources, 3) violation of any local, state, or federal law or regulation including, but not limited to, environmental and health and safety laws or regulations, 4) strict liability imposed by any law or regulation, 5) equipment malfunctions, or 6) energy savings shortfalls arising out of, related to, or in any way connected with the Project. This provision shall not apply to claims, demands, losses, damages, costs, and legal liability to the extent caused by the negligence of AEP Texas in the conduct of AEP Texas's on-site inspection of the project site.
10. Project Incentive is to be paid to (cross out one): Customer / Project Sponsor

Customer Representative

Project Sponsor Representative

Signature: _____

Signature: Rajesh Kapilleshwari

Print Name: _____

Print Name: Rajesh Kapilleshwari, PE, LEED AP

Title: _____

Title: Engineer

Company: _____

Company: Ethos Engineering

Date: _____

Date: October 21, 2024

**TO BE FILLED OUT AT THE END OF THE PROJECT WHEN
INSTALLATION HAS BEEN VERIFIED**

Customer Acknowledgement Form

AEP Texas

2024 Commercial Standard Offer Program

Project Name: Hidalgo County- New Construction and Renovations Project Number: _____

Project Location/Site (list all sites): County-wide Projects

The signatures on this document certify that the energy efficient equipment associated with the project measures listed and describe in the Project Application and Installation Report have been installed.

Project Sponsor

I hereby certify that the energy efficiency measures
have been installed as described in the Project Application and Installation Report:

Signature: _____

Print Name: _____

Title: _____ Company: _____

Completion Date: _____

Host Customer

I hereby certify that I am an authorized representative of the Host Customer and that the energy efficiency measures have been installed as described in the Project Application and Installation Report to the Host Customer's satisfaction:

Signature: _____

Print Name: _____

Title: _____ Company: _____

Approval Date: _____