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## Appendix A: Glossary

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The following are definitions to commonly used terms in the Xcel Energy Commercial Standard Offer Program:

**- A -**

**Affiliate:** For purposes of the Xcel Energy Commercial Standard Offer Program, an Affiliate is:

- (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of an energy efficiency service provider;
- (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by an energy efficiency service provider;
- (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
  - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of an energy efficiency service provider; or
  - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider; or
- (E) a person who is an officer or director of an energy efficiency service provider or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (F) a person who actually exercises substantial influence or control over the policies and actions of an energy efficiency service provider;
- (G) a person over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) a person who exercises common control over an energy efficiency service provider, where "exercising common control over an energy efficiency service provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of an energy efficiency service provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or
- (I) a person who, together with one or more persons with whom the person is related by ownership, marriage or blood relationship, or by action in concert, actually exercises substantial influence over the policies and actions of an energy efficiency service provider even though neither person may qualify as an affiliate individually.

## - B -

**Baseline:** For purposes of determining estimated and measured energy savings under the SOP, the baseline is generally defined as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. In certain limited circumstances, the baseline may be determined by the equipment or conditions currently in place. This is likely to occur only when federal energy efficiency standards do not apply, or when the existing equipment can be shown by the project sponsor to have a remaining service life of at least ten years. For determining estimated and measured savings for building shell improvements, the baseline is generally determined by the building's current condition, e.g., existing insulation R-values, air infiltration rates, etc.

**Budget Reservation:** The amount of incentive funds Xcel Energy sets aside during the project implementation phase for a given project sponsor who has submitted a successful application prior to Xcel Energy's complete commitment of funds through Budget Reservations to other project sponsors.

## - C -

**Contracted Capacity Savings:** As defined in an SOP Agreement, the amount by which a project is expected to reduce peak demand consumption (measured in kW) at the host customer's site(s).

**Contracted Energy Savings:** As defined in an SOP Agreement, the amount by which a project is expected to reduce energy consumption (measured in kWh) at the host customer's site(s).

## - D -

**Deemed or Stipulated Savings:** A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that a utility may use instead of energy and peak demand savings determined through measurement and verification activities.

**Demand Savings:** The maximum average load reduction occurring during any one-hour period between 1 p.m. and 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded). The demand savings are measured against a predetermined baseline for deemed savings measures.

## - E -

**Energy-Efficiency Measures (EEM):** Equipment, materials, and practices that, when installed and used at a customer site, result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kW, or both.

**Energy Efficiency Project:** An energy efficiency measure or combination of measures installed under a standard offer contract or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.

**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 customer, if the person has executed a SOP Agreement.

**Energy Savings:** A quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced as a result of the installation of qualifying energy-efficient equipment. Energy savings are determined by comparing the efficiency of the installed equipment to that of new standard-efficiency equipment—not to that of the customer's existing equipment (except in cases where no standards currently exist).

**Existing Equipment:** The equipment that is installed at the host customer's site prior to the customer's participation in the SOP Program.

## - H -

**Host Customer or Customer:** A residential, small commercial distribution customer of Xcel Energy that owns or leases facilities at a Project Site or Sites and that has entered into a Host Customer Agreement with project sponsor, or is a customer acting as its own project sponsor, for the installation of Measures as a part of Project. "Host Customer" excludes all Project Sites that are new construction or major rehabilitation projects.

## - I -

**Incentive Payment:** Payments made to an Energy Efficiency Service Provider based on the level of approved demand and energy savings (expressed as kW and kWh). Incentive rates are based on Commission approved avoided costs and incentive caps.

**Installation Payment:** The first of two incentive payments made to a project sponsor. The installation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A project sponsor may submit an invoice for this payment following Xcel Energy's approval of the project sponsor's Installation Report.

**Inspection:** Onsite examination of a project to verify that a measure has been installed and is capable of performing its intended function.

## - M -

**Measurement and Verification Plan:** The project sponsor's specific plan for verifying measured savings estimates. The measurement and verification (M&V) plan should be consistent with the International Performance Measurement and Verification Protocol.

**Measured Capacity Savings:** The maximum average load reduction occurring during any one-hour period between 1 p.m. and 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded), as determined in accordance with the project sponsor's Measurement and Verification Plan.

**Measured Energy Savings:** The Energy Savings derived during a single year, from the Measures installed at the Project Site as determined in accordance with project sponsor's Measurement and Verification Plan.

## - P -

**Peak Demand Savings:** For purposes of the Xcel Energy Standard Offer Program, Peak Demand Savings is the maximum average load reduction occurring during any one-hour period between 1 p.m. and 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded).

**Peak Period:** For the purposes of this Program, the peak period is defined as the hours from 1 p.m. to 7 p.m. MDT weekdays, from May 1 through September 30 (holidays excluded).

**Performance Period:** The period following the approval of a project sponsor's Installation Report, during which measurement and verification are to take place. Peak demand and energy savings measured over this period form the basis of the performance payment made to the project sponsor at the end of the year.

**Performance Payment:** The second of two incentive payments made to a project sponsor under the terms of an SOP Agreement. The performance payment is based on the one-year measured energy savings documented in Xcel Energy's M&V Report and may be up to 60% of the total estimated incentive included in the SOP Agreement.

**Post-Installation Inspection:** An inspection of a project site or sites conducted by Xcel Energy after a project sponsor has submitted a monthly invoice. The purpose of the inspection is to verify that the energy-efficiency equipment specified in the SOP Agreement has been installed properly and is capable of performing its intended function. Xcel Energy's approval of the invoice is contingent upon the results of the post-installation inspection.

**Project:** All the energy-efficient measures and any associated equipment and/or improvements that are installed, maintained and/or operated by the project sponsor to achieve the energy savings claimed for the project.

**Project Application:** A set of standard forms submitted by an organization wanting to participate in the SOP Program as a project sponsor. On the Project Application, the project sponsor provides information about itself, the site at which the proposed project will be installed, and a general description of the proposed project.

**Project Sponsor:** Any organization, group, or individual who contracts with Xcel Energy to provide energy savings under the SOP Program.

**Prudent Electrical Practices:** Those practices, methods, standards, and equipment commonly used in prudent electrical engineering and operations to operate electrical equipment lawfully and with safety, dependability, and efficiency and in accordance with the National Electrical Safety Code, the National Electrical Code, and any other applicable federal, state and local codes. In the event of a conflict, the applicable federal, state, or local code shall govern.

**- R -**

**Renewable Demand Side Management (DSM) Technologies:** Equipment that uses a renewable energy resource that, when installed at a customer site, reduces the customer's net purchases of energy (kWh), electrical demand (kW), or both.

**- S -**

**Small Commercial Customers:** Retail non-residential customers with a maximum demand that does not exceed 100 kW. Multiple-account customers, under common ownership with an aggregated load of greater than 250 kW are excluded from this definition.

**SOP Agreement:** A contract entered into by the project sponsor and Xcel Energy following the approval of the project sponsor's Final Application and Xcel Energy's acceptance of a project-specific measurement and verification (M&V) plan. The SOP Agreement specifies the energy-efficiency measures to be installed, the expected energy savings, the expected total incentive payment, and the agreed-upon M&V approach.