

ATTACHMENT 1

COMPENSATION SCHEDULE

1.0 NOTICE TO PROJECT SPONSOR

Owner will make every reasonable effort to process the Project Sponsor's request for payment in a timely manner. The failure of the Project Sponsor to follow all applicable provisions of the Contract and to include all required information may result in a payment being delayed, partial payment being made or the request for payment being returned without payment.

2.0 PAYMENT REQUEST INSTRUCTIONS

2.1 Project Sponsor shall submit all payment requests with sufficient detail and documentation acceptable to Owner in accordance with Contract provisions to:

CenterPoint Energy, Inc.
Attention: Yolanda Slade 1111 Louisiana, Suite 965A
Houston, Texas 77002

2.2 Project Sponsor shall submit supporting documentation that includes the following information:

- 2.2.1 Standard title identifying the Project or Work;
- 2.2.2 Date of Invoice;
- 2.2.3 Project Sponsor's name, address, phone number and fax number;
- 2.2.4 Project Sponsor's invoice number;
- 2.2.5 Owner's Vendor number;
- 2.2.6 Total payment due under invoice;
- 2.2.7 Detail required to identify costs for taxes, if applicable; and
- 2.2.8 Specific item number and description as indicated in Contract Pricing and or Project Manual.

3.0 TERMS OF PAYMENT

Owner shall compensate Project Sponsor net forty-five (45) calendar days from receipt of a properly submitted payment request(s).

4.0 METHOD OF PAYMENT

In consideration of satisfactory performance of the Work, Owner shall pay Project Sponsor in accordance with the provisions defined herein and in accordance with the Project manual.

5.0 TAXES

- 5.1 Sales/Use Taxes. The Services provided under this Agreement are **non-taxable**.
- 5.2 Payroll Taxes. The Agreement Price includes, and the Project Sponsor shall have the full exclusive liability for the payment of, taxes and assessments for unemployment insurance, old age benefits, annuities, social security, disability benefits, or other taxes which are in whole or in part measured by and/or based upon the wages, salaries or other remuneration paid to persons employed by the Project Sponsor for service rendered under this Contract.

6.0 PERIOD OF PERFORMANCE

For the Work authorized herein, the term of this Contract shall be from **January 5, 2009 through November 20, 2009**.

7.0 TARGET VALUE

The estimated value for all Work authorized under this Contract shall not exceed **\$xxxxx.00**, without prior written authorization from Owner.

The Target Value represents an estimated, not-to-exceed value to be used for budgeting purposes only. Owner does not warrant or guarantee that the Target Value, or any other value, will be reached under this Contract.

8.0 INCENTIVE PAYMENTS

8.1 CenterPoint Energy, Inc. agrees to make an "Incentive Payment" to the Project Sponsor based upon the sum of the Deemed Savings derived from the Project. No more than sixty five percent (65%) of the total incentive payment may be derived from lighting Measures. If a project consists of lighting Measures only, compensation shall be calculated in accordance with P.U.C. SUBST. R. 25.181(i)(2)(F).

8.2 The total Incentive Payment due to Project Sponsor will be calculated by multiplying the Deemed Savings, Simplified M&V Procedure Savings and Measured Savings associated with the Measures installed at the Project Site by the applicable "Incentive Rate" specified below. The Incentive Payment for Deemed Savings and Simplified M&V Procedure Savings shall be payable in one installment, and the Incentive Payment for Measured Savings shall be payable in two installments, as set forth hereinbelow, and in accordance with the SOP Manual. Regardless of the actual Measured Savings for the Project, the total Incentive Payment for the Project shall not exceed the amount allocated below

<u>(a) 2009 Hard to Reach Standard Offer Program</u>	<u>\$xxxx.00</u>
Total revised not-to-exceed Target Value	\$xxxx.00

The applicable Incentive Rates are as follows:

- (a) For savings derived from Measures installed at Project Sites owned or leased by a Host

Customer that qualifies as a Hard-to-Reach Customer:

(1) Peak Demand Savings Incentive Rate = \$477.00/kW (coincident with system peak)

(2) Energy Savings Incentive Rate = \$0.160 /kWh

(b) For savings derived from Measures installed at all other Project Sites:

(1) Peak Demand Savings Incentive Rate = \$265/kW (coincident with system peak)

(2) Energy Savings Incentive Rate = \$0.091/ kW

(c) For savings derived at above mentioned Project Sites:

(1) In no event should compensation exceed \$743.00 per kW of peak demand for residential and small commercial projects, and

(2) For hard to reach projects, the maximum total payment shall not exceed \$1,598 per kW

8.3 Upon completion of Measure installation and approval of the Project Implementation Report, Project Sponsor may submit an invoice to CenterPoint Energy, Inc. for the first installment of the Incentive Payment (the "Implementation Payment"). CenterPoint Energy, Inc. will make the Implementation Payment within forty five (45) days of its receipt and approval of the invoice. The Implementation Payment will be one hundred percent (100%) of the Incentive Payment due for Deemed Savings Measures, plus forty percent (40%) of the total Incentive Payment due based upon the Estimated Measured Savings set forth in an approved Project Implementation Report or as adjusted in accordance with the Project Implementation section defined in the Scope of Work (attachment 2). The amount of the Implementation Payment will be calculated using the following formula where DIP is the portion of the Implementation Payment attributable to Deemed Savings, SIP is the portion of Implementation Payment attributable to Simplified M&V Savings, and EIP is the portion of the Implementation Payment attributable to Estimated Savings:

$$\mathbf{DIP = [(DES \times ESIR) + (DDS \times DSIR)]}$$

$$\mathbf{SIP = [(SES \times ESIR) + (SDS \times DSIR)]}$$

$$\mathbf{EIP = 0.40 \times [(EES \times ESIR) + (EDS \times DSIR)]}$$

Where:

DES = the amount of Deemed Energy Savings;
ESIR = the applicable Energy Savings Incentive Rate;
DDS = the amount of Deemed Peak Demand Savings;
DSIR = is the applicable Peak Demand Savings Incentive Rate;
SES = is the amount of Simplified M&V Energy Savings;
SDS = is the amount of Simplified M&V Peak Demand Savings;
EES = is the amount of Estimated Energy Savings; and
EDS = is the amount of Estimated Peak Demand Savings.

Measured Savings are subject to load factor adjustments in accordance with PUC approved procedures.

At the conclusion of the Performance Period and upon final approval of the Performance Report, Project Sponsor will submit an invoice to CenterPoint Energy, Inc. for the second installment of the Incentive Payment (the "Performance Payment"). CenterPoint Energy, Inc. will make the Performance Payment within forty-five (45) days of its receipt and approval of the invoice. The Performance Payment will be the remaining amount of the total Incentive Payment due based upon the Measured Savings. The amount of the Performance Payment may be calculated using the following formula:

$$\text{Performance Payment} = [(\text{MES} \times \text{ESIR}) + (\text{MDS} \times \text{DSIR})] - \text{EIP}$$

Where:

MES = the amount of Measured Energy Savings;
MDS = the amount of Measured Peak Demand Savings;
EIP = the portion of the Implementation Payment attributable to Estimated Savings as calculated and paid pursuant to Section 7.4

The Performance Payment can be negative if the Measured Savings are less than forty percent (40%) of the Estimated Savings upon which the Implementation Payment was based. In the event that the above formula results in a negative Performance Payment, then Project Sponsor will refund that amount to HL&P within forty-five (45) days of the end of the Performance Period.

9.0 ADJUSTMENT TO THE INCENTIVE PAYMENT DUE TO MISSED MILESTONE

During the implementation period, the Project Sponsor must adhere to the required implementation milestone schedule. Failure to meet the implementation milestone will result in forfeiture of a proportional share of the funds reserved for the Project Sponsor. The Project Sponsor must provide monthly updates on installations. Progress towards achieving milestone shall be measured by kW energy savings.

Measure installations accounting for 50% of the budget reservation shall be completed by the end of June 10, 2009; in addition 80% of the budget reservation shall be completed by September 10, 2009.