



CenterPoint Energy
2009 Multifamily Water and Space Heating
Market Transformation Program

**Request For Proposals
For Contractor Participation**

Released on: **November 5, 2008**

Released by: **CenterPoint Energy**

David Dzerski
Multifamily Water and Space Heating Program Manager
PO Box 1700
Houston, TX 77251-1700
Phone: 713-207- 3341
E-mail: David.Dzerski@CenterPointEnergy.com

**Proposals Due:
November 21, 2008**

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1 Introduction

This document presents detailed requirements for participation in the 2009 CenterPoint Energy Multifamily Water and Space Heating Market Transformation Program (Program). CenterPoint Energy (CNP) requests proposals submitted in compliance with the guidelines outlined in this Request for Proposal (RFP).

This RFP is designed to help project sponsors prepare proposals for participation in the 2009 Program. Project sponsors are developers who can commit to signing a contract with CNP for the completion of specific installation goals.

CenterPoint Energy, Inc. (CNP), headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission and distribution, natural gas distribution and sales, and interstate pipeline and gathering operations. The company serves nearly five million customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Missouri, Oklahoma, and Texas. With about 9,000 employees, CNP and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at www.CenterPointEnergy.com.

1.1 Project Background

This is the sixth year of CNP's Multifamily Water and Space Heating Market Transformation Program. The Program is intended to increase the awareness of alternatives to electric water heating and space heating in multifamily residences. Designed in compliance with Public Utility Commission of Texas (PUCT) Substantive Rule §25.181, which implements the energy efficiency goal of Senate Bill 7 (1999), the primary purpose of this Program is to help CNP achieve its goal of reducing peak demand by a minimum of 15% of projected annual load growth. To achieve this goal, CNP implements a range of "standard-offer" and "market transformation" programs that result in reduced peak demand and annual energy consumption. "Market transformation programs" such as this Program are strategic efforts, including incentives, training, public awareness, and/or education programs designed to lower market barriers and increase the adoption rate for energy-efficient technologies and practices.

In the single-family residential sector, gas water heating and space heating systems are preferred by homebuyers, primarily because of their lower operating costs. However, a market research study conducted by CNP in 2005 indicated that Houston-area developers used electric resistance water heating and space heating systems in over 95% of affordable low-rise multifamily properties, primarily because of their lower installation costs. Because of this, CNP has selected this market transformation program to help meet its mandated annual energy efficiency goal. This Program complies with the Multifamily Water and Space Heating Market Transformation Program template approved by the Texas Public Utility Commission (PUCT).

1.2 Program Description

The Program provides incentives to multifamily project developers who agree to facilitate the installation of non-electric water heating in both market rate and affordable rate multifamily projects within CNP's electric distribution service territory. In addition to water heating, CNP also wishes to

encourage the adoption of alternatives to electric resistance space heating in these same projects. The principal target of the Program is new construction. Existing multifamily properties may receive incentives for other measures under CNP’s existing standard offer incentive programs.

The primary barrier to the installation of non-electric technologies in multifamily properties is the higher initial cost associated with the installation of gas lines and gas appliances. The Program will address this market barrier by offering incentives to project sponsors who install non-electric domestic water heating systems. These actions are designed to further increase public awareness of and create market pull for non-electric water and space heating systems in multifamily properties.

1.3 Program Goals and Objectives

The primary objective of the Program is to increase the market penetration of high-efficiency gas water and space heating in multifamily properties. The goal for the 2009 Program is the installation of non-electric water and space heating systems in a minimum of 1,400 multifamily units.

2 Program Specifications

Developers who agree to facilitate the installation of qualifying high-efficiency non-electric water heating in eligible multifamily projects are subject to the following requirements:

- The Program incentives apply to multifamily units within CNP’s *electric* distribution service territory.
- All water heating equipment to be installed must meet or exceed applicable federal efficiency standards or local building codes, as applicable. For storage tank water heaters, these standards were revised in 2004. For natural gas storage tank water heaters, the current federal standards are:

Size	EF
40 gallon	0.59
50 gallon	0.58

- There are no project limits, however it is CNP’s desire to award contracts to multiple project sponsors.
- The initial proposal submittal period for the Program ends on November 21, 2008. Proposals may be submitted after that date, subject to availability of incentive funds.
- Proposal requirements are discussed in further detail in subsequent sections of this document.

2.1 2009 Incentives and Budget

The total incentives for the 2009 program will be \$415,000.

2.1.1 Projects With Individual Water Heaters

For projects involving the installation of individual water heaters, the Program provides different incentive levels for market-rate (“residential”) and affordable (“hard-to-reach,” or HTR). The 2009 incentive rates and budget are summarized below:

Residential (market rate projects) incentive, per unit	HTR (affordable projects), incentive, per unit
\$250	\$450

The incentive amount is based on the PUCT-approved deemed savings values for replacing an electric resistance water heater with a natural gas water heater which meets or exceeds minimum efficiency standards.

The installation of non-electric space heating equipment is also encouraged. While additional incentives are not available for the installation of heating equipment, one of the proposal selection criteria is the residents’ projected annual energy bill savings. Proposals that include the installation of gas space heating are likely to be rated higher, based on this criterion.

2.1.2 Projects With Central Service Water Heating Systems

Certain mid- and high-rise new construction projects with central water heating systems may also be eligible for incentives. In order to be eligible for incentives, the project sponsors must demonstrate that the installation of gas water heating systems would not have occurred in the absence of the CNP’s Multifamily Water and Space Heating Program. Project sponsors who are developing potentially eligible mid- and high-rise new construction projects are urged to contact the CNP Program Manager for more project-specific requirements prior to submitting a proposal. For projects with central water heating systems, the incentives are based on the projected annual kWh and peak kW savings for the project. (The methodology for calculating these savings is outlined in Section 2.3.2.). The incentive rates for these projects are as follows:

Residential (market rate projects) incentive, per unit	HTR (affordable projects), incentive, per unit
\$200	\$350

2.2 Hard-to-Reach Eligibility Standards

Under the PUCT definition, hard-to-reach is defined as a utility customer with a total household income of 200% or less of the current federal poverty guidelines. Using TDHCA criteria, a qualified low income housing development means any development for residential rental occupancy which meets either of the following requirements:

- Twenty percent (20%) or more of the residential units in such development are both rent restricted and occupied by individuals whose income is fifty percent (50%) or less of Adjusted Median Family Income (AMFI); or
- Forty percent (40%) or more of the residential units in such development are both rent restricted and occupied by individuals whose income is sixty percent (60%) or less of AMFI.

Multifamily projects are categorically eligible if the property falls under one of the following categories:

- State or Local Housing Trust Fund
- HUD, including HOME, CDGB, Sec. 202, Sec. 811, Section 8
- Low Income Housing Tax Credit Program
- USDA/Rural Development
- Multifamily Bond

Project sponsors are encouraged to consult with the CNP Program Manager prior to submitting a proposal to confirm the eligibility status of any proposed project.

2.3 Equipment Eligibility and Efficiency Standards

2.3.1 Individual Unit Water Heaters

To be eligible for incentive payments under this Program, the proposed equipment should replace, at minimum, an electric resistance water heater. The water heating equipment must comply with current federal efficiency standards. Equipment efficiencies shall be as listed in the current *Consumer's Directory of Certified Energy Efficiency Ratings for Heating and Water Heating Equipment*. This directory is produced by the Gas Appliance Manufacturer's Association (GAMA) and may be downloaded for free from www.gamanet.org. (Click on "Product Certification," then "Product Directories," then "Gas Water Heaters.>"). Equipment must also comply with TDHCA and local codes, as applicable.

To be eligible for incentives, this equipment must not receive incentives from any concurrent electric utility program.

2.3.2 Service Water Heating Systems to Serve Multiple Units

To be eligible for payments, the proposed equipment must exceed the most current IECC standards for service water heating in commercial buildings adopted by the State of Texas.

For these projects, peak kW and annual kWh savings will be determined based on building simulation modeling, using DOE-2, with eQUEST 3.60 used as the interface. Net energy savings will be calculated using 10,500 BTU/kWh as the heat rate to convert the gas consumption of the proposed system to equivalent kWh.

Project sponsors are encouraged to contact the CNP Program Manager prior to submitting a proposal for further details regarding the savings calculation methodology for these projects.

2.4 CenterPoint Energy's Role

This Program is an electric energy efficiency program, and is being administered directly by the electric distribution affiliate of CNP. All project sponsors will be required to sign a contract with CNP. CNP will perform the following administrative functions:

- Selecting project sponsors from among the applicants.
- Managing the Program, its goals and milestones.
- Verifying installations.
- Managing and allocating available incentive funds.
- Processing all invoices for incentive payments.
- Providing other oversight functions, as required.

2.5 Program Procedures

2.5.1 Funding Reservation Period

Once a sponsor's application is accepted, CNP will reserve incentive funds for that particular project. CNP will monitor the progress of each project during the reservation period. During this period, CNP may request copies of LIHTC Progress Reports, extension requests, or other TDHCA-required reports. Funding may be withdrawn if the project falls substantially behind the completion schedule included in the proposal.

A sponsor will be required to notify CNP as soon as the sponsor becomes aware of any change in development plans or any other circumstance which could result in the project's completion date being significantly delayed. Project sponsors who fail to observe this requirement may be precluded from Program participation in future years.

Projects whose completion dates have been delayed by up to 90 days beyond the December 1, 2009 deadline may be eligible to participate in the 2010 Program, although this does not represent a commitment by CNP to reserve future incentive amounts.

2.5.2 Submitting Invoices

Project sponsors may submit an invoice for incentive payments after equipment installation. The following data needs to be provided for each apartment unit:

- Plan name
- Unit address
- # of Bedrooms
- # of Bathrooms
- Square footage
- Manufacturer
- Model #
- Serial #

- Size (gallons)
- Efficiency Factor (EF)

Project sponsors will utilize CNP's spreadsheet template to provide the above-listed data. This file will be available for download from the Multifamily Water and Space Heating Program web page, which may be accessed from www.centerpointwaterheater.com. For multi-phase projects, partial invoices may be submitted, up to a maximum of two invoices per project. Invoices for payment should be submitted no later than December 1, 2009.

2.5.3 Installation Verification and Site Inspection

Prior to issuing incentive payments, CNP will verify that the installed equipment meets the minimum efficiency standard(s), and will verify that the installation sites are within CNP's electric distribution service territory. CNP will also conduct random site inspections of units during this period. After the verification and site inspection activities have been completed, and after adjusting for any discrepancies found during invoice processing, CNP will issue the incentive payment. It is anticipated that payment for verified installations will be made within 45 days of receipt of a properly-submitted invoice.

3 Proposal Requirements

3.1 Format

Proposals must include the following and be organized as follows:

- I. A cover letter, with the name(s), title(s), address, and telephone numbers of individual(s) who are authorized to make representations on behalf of the Proposer, signed by a person authorized to sign contractual agreements on behalf of the applicant.
- II. A brief description of the respondent firm.
- III. For projects with individual water heaters, provide a description of the proposed project. this description should include:
 - A. Type of project, e.g., Housing Tax Credit, Multifamily Bond, etc.
 - B. Project address
 - C. Number of units by size, i.e., number of bedrooms.
 - D. Proposed types of water heating equipment to be installed. Include manufacturer and model numbers, if possible.
 - E. If project is to include non-electric space heating equipment, list the types of heating systems to be installed.
 - F. Project completion schedule, to include dates for the following:
 1. TDHCA application approval

- 2. Building permit issued
- 3. Construction financing or bond financing closing date
- 4. Public hearing (if any)
- 5. Date for commencement of substantial construction
- 6. Projected final completion date

Housing tax credit projects should substitute a copy of the Project Completion Schedule from *HTC Application Exhibits*, Tab 1C.

- IV. For projects involving central water heating systems, the project description should include:
 - A. Type of project, e.g., market rate, Housing Tax Credit, Multifamily Bond, etc.
 - B. Project address
 - C. Total square footage of building, number of stories
 - D. Number of units by size, i.e., number of bedrooms.
 - E. Documentation of proposed project’s code compliance with IECC 2001, using electric water heating systems as specified above
 - F. Proposed non-electric water heating, distribution, and control system specifications
- V. Description of similar projects completed within the past five years, to include project type, location, number of units, completion dates. Project sponsors with Multifamily Bond or LIHTC projects should substitute this section with *Previous Participation and Background Certification Form, Part E, Section 1* from the *TDHCA Multifamily Uniform Application* Volume 1, Tab 5.
- VI. Statement of MWBE status and/or a list of MWBE participants, if any.

3.2 Submittal Procedure

The proposal, signed in ink should be submitted in a sealed envelope bearing the assigned RFP name located on the first page of the RFP document. All proposals are to be submitted to:

By Mail

David Dzierski
CenterPoint Energy
963-D
P. O. Box 1700
Houston, Texas 77251-1700

By Hand Delivery

David Dzierski
CenterPoint Energy
1111 Louisiana
Floor 9
Houston, Texas 77002

Respondents may elect to mail proposals or have them delivered. Respondents are encouraged to submit their proposals prior to the deadline. CenterPoint shall bear no responsibility for late delivery.

To be considered during the initial project award cycle, **proposals must be received no later than 4:00 p.m. November 21, 2008.** After the initial project award cycle, proposals may be submitted if

the 2009 incentive budget has not been fully allocated. Proposals received after the initial project award cycle will be reviewed on a first-come, first-served basis until the 2009 incentive budget has been completely reserved.

This RFP, the proposal, and any subsequent submittals may become part of a formal agreement between the selected Contractor and CNP, and will be incorporated by reference in a contract, or a contract supplement.

3.3 Additional Information

Requests for additional information and/or clarifications to the RFP should be directed as follows:

Direct questions to Samantha Wade, CenterPoint Energy Room 1824 D, P.O. Box 4567, Houston, Texas 77210-4567, (713) 207-5802, or samantha.wade@centerpointenergy.com.

Specific program-related questions and correspondence may be directed to David Dzierski, Multifamily Water and Space Heating Program Manager, at (713) 207-3341, or by e-mail at david.dzierski@centerpointenergy.com.

Questions or comments regarding this RFP may be either verbal or written. Upon receipt of any written question or comment, CNP will respond in writing and will forward a copy of each question or comment and CNP's official response to all parties who have indicated an interest in submitting a proposal. Only written responses shall be binding on CNP. All parties who have indicated an interest in submitting a proposal shall be notified in writing of any change to the RFP.

3.4 RFP Terms and Conditions

- Company information submitted by the respondent as part of its proposal will be treated confidentially to the fullest extent possible. For purposes of program evaluation or review, information contained in program submittals may be presented to outside parties, including the PUCT.
- This RFP does not commit CNP to award a contract, issue a Purchase Order, or to pay any costs incurred in the preparation of a proposal in response to this RFP.
- Proposer(s) shall not offer any gratuities, favors, or anything of monetary value to any officer, agent, contractor or employee of CNP for the purpose of influencing consideration of a proposal.
- Proposer(s) shall not collude in any manner, or engage in any practices, with any other Proposer(s) that may restrict or eliminate competition or otherwise restrain trade. This is not intended to preclude subcontracts and joint ventures for the purposes of: a) responding to this RFP, or b) establishing a project team with the required experience and/or capability to provide the goods or services specified herein.
- This RFP and the related response of the selected Proposer shall become part of a formal agreement between the selected Proposer and CNP and will be incorporated by reference in either a Contract or Purchase Order. A sample of CNP's general terms and conditions is attached hereto as Appendix B. However, CNP reserves the right to negotiate or amend the standard terms and conditions as deemed necessary and appropriate. In the event an agreement cannot be reached with the selected Proposer, CNP reserves the right to select an alternate Proposer and initiate contract negotiations.

- Proposer(s), their authorized representatives, and their agents are responsible for obtaining, and will be deemed to have, full knowledge of the conditions, requirements, and specifications of this RFP.
- Proposer(s) will be expected to adhere to all standard contractual terms and conditions, which are included as appendices to this RFP.
- The Proposer must promptly report to CNP any conditions, transactions, situation, or circumstances that would impede, impair or delay the submission of the proposal, or the proper and timely performance of the Work.
- CNP reserves the right to cancel this RFP or to reject any or all proposals received prior to contract award.
- CNP reserves the right to waive any formality connected with this RFP.
- CNP reserves the right to request clarification of any proposal after all proposals have been received.
- CNP reserves the right to reduce the scope of the project or a specific element and evaluate and/or award only the remaining scope or element.

3.5 Exceptions to the RFP or Terms & Conditions

If your organization takes exception to the services and/or terms and conditions required by this RFP, please provide specific information regarding your objection to the services and/or terms and conditions of the RFP and provide, **as an alternate bid**, any difference in language. Appendix D attached hereto is provided to facilitate such exceptions.

It is imperative that all Proposers respond to the RFP as provided herein. In the event a Proposer takes exception to any services and/or commercial terms and conditions, the Proposer should submit a proposal based on the RFP as written, and a separate/alternate proposal based on the modified services and/or terms and conditions. The alternate proposal need not be physically separate, as long as Appendix D is used to document the exception.

3.6 Minority or Women Businesses Enterprises Participation

CNP supports Minority & Women Business Enterprises (MWBEs). Each Proposer shall provide their MWBE status, and shall provide information regarding any MWBE's participation. A copy of the Supplier Diversity Policy Statement is attached hereto as Appendix C.

4 Selection Criteria

To ensure the success of the 2009 Multifamily Water and Space Heating Market Transformation Program, it is imperative that CNP partner with developers who have the ability and the commitment to fulfill their contractual obligations within the proposed timeframe.

CNP will evaluate proposals based on the following criteria, not necessarily listed in order of importance:

- The degree to which the proposed project meets the Program eligibility criteria, as outlined in this document.
- The degree to which the proposed project is considered likely to be completed within the projected timeframe.
- The projected customer energy bill savings resulting from the proposed equipment installations. The energy bill savings will be evaluated based on the following:
 - The energy factor and capacity of the proposed water heating equipment.
 - The efficiency and capacity of the proposed non-electric space heating equipment (if any).
- Qualifications and experience of respondent firm.
- Overall completeness, clarity, and quality of proposal, and other information presented during subsequent communication with CNP.
- Other factors that may be relevant, as determined by CNP.

5 2009 Program Timeline

CenterPoint Energy has set the following deadlines to ensure that funds are committed in accordance with its budget and scheduling requirements.

Critical Dates for 2009 Program

<i>Activity/Submittal</i>	<i>Date / Deadline</i>
RFP Released	November 5, 2008
Initial Proposal Period End Date	November 21 , 2008
Awards Announced	December 12, 2008
Final Installation Report / Invoice Due	December 1, 2009

Anticipated contract term is December 1, 2008, through December 31, 2009.

Appendix A: Sample Compensation Schedule

ATTACHMENT 1

COMPENSATION SCHEDULE

1.0 NOTICE TO CONTRACTOR

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

2.0 INVOICE INSTRUCTIONS

2.1 Contractor shall submit all invoices with sufficient detail and documentation acceptable to Owner in accordance with Contract provisions to:

CenterPoint Energy, Inc.
Attention: David Dziarski
P. O. Box 1700
Houston, Texas 77251-1700

2.2 Contractor shall submit invoices and 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 Contractor's name, address, phone number and fax number;
- 2.2.4 Total number of multifamily units submitted under invoice.
- 2.2.5 Model and serial numbers of equipment installed

All invoices shall be submitted for payment prior to December 1, 2009.

3.0 TERMS OF PAYMENT

Owner shall compensate Contractor forty-five (45) calendar days from receipt of a properly submitted invoice(s).

4.0 METHOD OF PAYMENT

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

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 Contractor 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 Contractor for service rendered under this Contract.

6.0 PERIOD OF PERFORMANCE

For the Work authorized herein, the term of this Contract shall be from **December 1, 2009, through December 31, 2010.**

7.0 TARGET VALUE

The estimated value for all Work authorized under this Contract shall not exceed \$ _____, 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 agreement. Contractor shall be paid only for those service rendered and accepted by Owner.

8.0 CONTRACT PRICE

Owner shall pay Contractor a total of **\$XXX .00 per unit** for the installation of high-efficiency non-electric water heating and space heating units, subject to verification of installation by CenterPoint.

Appendix B: General Terms and Conditions

GENERAL CONDITIONS
FOR
MULTIFAMILY WATER AND SPACE HEATING MARKET TRANSFORMATION
PROGRAM

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1 DEFINITIONS

The following definitions shall apply to the Contract, all Contract Documents and Amendments thereto and to related correspondence. A word or expression defined in this Contract containing capital letter(s) shall be identified, in any section of this Contract where the whole text is printed in block capitals, by such word or expression being underlined and/or printed in a more prominent typeface.

- 1.1 "Contract" shall mean, collectively, the entire agreement between Owner and Project Sponsor, the terms and conditions incorporated therein and other documents, if any, which are by reference made a part of the Contract and providing for signature of a duly authorized representative of each party thereto.
- 1.2 "Contract Administrator" shall mean Owner's duly authorized agent who shall initiate and administer all contract activities related to the contractual terms and conditions.
- 1.3 "Contract Documents" shall mean all documents incorporated herein by reference, including all other documents as further defined in Article 2.0 hereof.
- 1.4 "Contract Price" shall mean the total monies, adjusted in accordance with the provisions of the Contract Documents, paid or payable to Contractor for performance of the Work.
- 1.5 "Contract Supplement" shall mean the written instrument describing additions, changes or deletions to Contractor's scope of work as defined by the Contract Documents, or in the time of performance of the Contract (or any other change desired by Owner) authorized and executed by duly authorized representatives of the parties hereto with the same formality as this Contract.
- 1.6 "Contractor" shall mean the party who is entering into this Contract with Owner.
- 1.8 "Day" shall mean a calendar day.
- 1.9 "Governmental Authority" shall mean any federal, state, local or municipal governmental body or agency or subdivision thereof, including, but not limited to, any legislative or judicial body, having appropriate jurisdiction to exercise authority or control over Owner, its parent corporation, or any part or all of the Work to be performed under this Contract.
- 1.10 "Notice" shall mean any formal written correspondence providing notice of action, purpose, intent or the like given under the provisions of this Contract.
- 1.11 "Owner" shall mean CenterPoint Energy, Inc., or its representatives, successors, or assigns.
- 1.12 "Personnel" shall mean Contractor's employees or subcontractor employees performing Work under this Contract.

- 1.13 "Project Manager" shall mean Owner's designee who shall manage and coordinate the work activities furnished under this Contract.
- 1.14 "Subcontractor" shall mean any person, firm, partnership, association, joint venture, company, corporation or other entity, regardless of tier, engaged by Contractor to provide any part of the Work under this Contract.
- 1.15 "Work" shall mean any and all labor, evaluations, reports and services, including all equipment, material, duties and obligations that are the responsibility of Contractor under this Contract.

2.0 CONTRACT DOCUMENTS

- 2.1 The Contract Documents consist of the Contract Signature Page, the Compensation Schedule, the Scope of Work, the RFP, the Contractor's Proposal, these General Conditions for Multifamily Water and Space Heating Program, the Supplier Diversity Policy Statement & Purchasing Guidelines, and any and all other exhibits, addenda, drawings and/or specifications, and any Contract Supplements issued subsequently.
- 2.2 The Contract Documents are intended to be complementary and what is set forth in any one document is as binding as if set forth in each document. In the event there are any conflicting provisions or requirements in the Contract Documents, the provisions and requirements thereof shall take the following order priority:
 - 1. Contract Supplements
 - 2. Compensation Schedule
 - 3. Scope of Work
 - 4. General Conditions for Multifamily Water Heater and Space Heating Program
 - 5. Supplier Diversity Policy Statement and Purchasing Guidelines
 - 6. Contract Signature Page

Owner assumes no responsibility for bidding errors or omissions caused by failure of Contractor or any of its Subcontractors to inspect and familiarize themselves with the complete set of Contract Documents.

3.0 EFFECT OF HEADINGS

Article headings appearing in this Contract are for convenience and reference only and shall in no way be construed to define, limit or interpret the text hereof.

4.0 APPLICABLE STATE LAW

The rights, obligations and remedies of the parties to this Contract shall be interpreted and governed in all respects by the laws of the State of Texas. Should any provision of this Contract or part thereof, or the application of any provision or part thereof, be judicially determined to be illegal or invalid or otherwise unenforceable, the validity of the remaining provisions or parts thereof and other applications of such provisions or parts thereof shall not be impaired.

5.0 NOTICES AND CORRESPONDENCE

5.1 All Notices or correspondence arising from or pertaining to the legal requirements, terms & conditions or the performance required by this Contract shall be in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following addresses:

(a) To Owner:

CenterPoint Energy, Incorporated
Attn: Samantha Wade – SCH - D
P. O. Box 4567
Houston, TX 77210-4567

(b) To Project Sponsor: Address stated on the Contract Signature Page.

5.2 All Notices or correspondence to Owner arising from or pertaining to project administration shall in writing and either delivered in person or sent by registered or certified mail to the appropriate individual at the following address:

CenterPoint Energy, Inc.
Attn: David Dzieriski
PO Box 1700 - 1700
Houston, TX 77251-1700

5.3 Either of the parties may, at any time, change its mail or delivery address by giving the other party ten (10) days prior written Notice.

5.4 The effective date of any written Notice delivered or mailed pursuant to this Contract shall be the date of receipt by the Owner or Project Sponsor, as applicable, if delivered, or the postmark date if mailed.

6.0 AUTHORIZATION TO COMMENCE WORK

Contractor shall not commence Work until receipt of a signed Contract.

7.0 EQUAL EMPLOYMENT OPPORTUNITY

Contractor represents that it is in compliance with all applicable laws, regulations and orders with respect to equal employment opportunity and either has heretofore provided or will provide to Owner the certifications and representations regarding equal employment opportunity that Owner may require under such laws, regulations and orders.

8.0 NON-WAIVER OF RIGHTS

Failure of either party to insist upon strict performance of any of the provisions hereof, or failure or delay in exercising any rights or remedies provided herein or by law, or Acceptance of, or use of or payment for the Work, or any part or combination thereof, or any approval of Work, or any purported oral modification or rescission of this Contract, or any part hereof, by

any employee or other authorized representative of one party shall not release the other party of any obligations under this Contract and shall not be deemed as a waiver of any of the right to insist upon strict performance hereof or of any of rights or remedies under this Contract or by law, and shall not operate as a waiver of any of the provisions hereof.

9.0 STANDARDS, CODES, LAWS AND REGULATIONS

- 9.1 Contractor shall comply with all applicable laws, rules, regulations, codes and standards of all federal, state, local and municipal Governmental Authority having jurisdiction over the Work covered by this Contract.
- 9.2 *CONTRACTOR SHALL, AT ITS OWN EXPENSE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS OWNER, ITS PARENT CORPORATION, SUBSIDIARIES AND AFFILIATES, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES FROM AND AGAINST ALL LIABILITY, LOSS OR DAMAGES ASSESSED AGAINST OR INCURRED BY OWNER, ITS PARENT CORPORATION, SUBSIDIARIES AND AFFILIATES, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES OR ANY OF THEM (INCLUDING ATTORNEYS' FEES AND OTHER COURT COSTS INCURRED BY ANY PARTY INDEMNIFIED HEREUNDER) OR OTHERWISE SUFFERED BY ANY PARTY INDEMNIFIED HEREUNDER AS A RESULT OF NONCOMPLIANCE BY CONTRACTOR WITH THIS ARTICLE 9.0.*
- 9.3 Contractor shall secure and pay for all permits, governmental fees and licenses necessary for proper execution and completion of the Work, unless otherwise specified in the Contract Documents.

9.0 INDEPENDENT CONTRACTOR AND SUBCONTRACTOR

- 9.1 Contractor agrees to perform the Work as an independent contractor and not as a subcontractor, agent or employee of Owner.
- 9.2 Contractor shall be fully responsible for all acts and omissions of its Personnel and its Subcontractors and Subcontractor's suppliers and their employees and shall be specifically responsible for sufficient and competent supervision and inspection to assure compliance in every respect with Contract requirements.
- 9.3 There shall be no contractual relationship between Owner and any of Contractor's subcontractors or suppliers, arising out of or by virtue of this Contract. Owner shall not be responsible for the payment of any sums to any subcontractor or supplier.

10.0 ASSIGNMENT AND SUBCONTRACTING

- 10.1 Neither this Contract nor the duties to be performed hereunder nor monies to become due hereunder shall be subcontracted, assigned, delegated or otherwise disposed of by Contractor without prior written consent of Owner.

10.2 Neither permitted assignment of this Contract nor delegation of any duties hereunder shall relieve Contractor of any of its obligations hereunder.

10.3 If this Contract should be permitted by Owner to be assigned by Project Sponsor, it shall be binding upon and shall inure to the benefit of the permitted assignee.

11.0 FORCE MAJEURE

11.1 Performance of this Contract by each party shall be pursued with due diligence in all requirements hereof; however, neither party shall be liable for any loss or damage for delay or for nonperformance due to causes not reasonably within its control, including but not limited to, acts of civil or military authority, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, fires, or floods. In the event of any delay resulting from such causes, the time for performance of each of the parties hereto (including the payment of monies) shall be extended for a period of time reasonably necessary to overcome the effect of such delays. No further modification to other terms and conditions of this Contract shall occur.

11.2 In the event of any delay or nonperformance caused by the above causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and shall indicate whether it is anticipated that any completion dates will be affected thereby.

12.0 INDEMNITY

CONTRACTOR AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD OWNER, ITS CORPORATE AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, FREE AND HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS OR OTHER LITIGATION (INCLUDING ALL COSTS THEREOF AND ATTORNEY'S FEES) OF EVERY KIND AND CHARACTER ARISING IN FAVOR OF CONTRACTOR OR ANY THIRD PARTY (INCLUDING, BUT NOT LIMITED TO, PERSONNEL FURNISHED BY CONTRACTOR OR ITS SUPPLIERS AND SUBCONTRACTORS OF ANY TIER) ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO OR LOSS OF PROPERTY IN ANY WAY OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE WORK PERFORMED OR TO BE PERFORMED BY CONTRACTOR HEREUNDER OR OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE PRESENCE OF, ITS PERSONNEL, AGENTS, SUPPLIERS AND SUBCONTRACTORS (AND THEIR RESPECTIVE PERSONNEL) ON THE PREMISES.

13.0 INSURANCE

13.1 Contractor agrees to maintain liability insurance coverage with limits of not less than \$1,000,000.00 Combined Single Limits for bodily injury and property damage each occurrence. Such insurance shall include Owner as an Additional Insured, with Waiver of Subrogation. Certificates of such insurance shall be provided to Owner before Contractor enters upon Owner's property or when specifically requested by Owner.

FAILURE OF THE *CONTRACTOR* TO PROVIDE INSURANCE AS HEREIN REQUIRED OR FAILURE OF *OWNER* TO REQUIRE EVIDENCE OF INSURANCE OR TO NOTIFY *CONTRACTOR* OF ANY BREACH BY *CONTRACTOR* OF THE REQUIREMENTS OF THIS PARAGRAPH SHALL NOT BE DEEMED TO BE A WAIVER BY *OWNER* OF ANY OF THE TERMS AND CONDITIONS OF THIS *CONTRACT*, NOR SHALL THEY BE DEEMED TO BE A WAIVER OF THE OBLIGATIONS OF THE *CONTRACTOR* TO DEFEND, INDEMNIFY, AND HOLD HARMLESS *OWNER* AS REQUIRED HEREIN.

- 13.2 All insurance as required herein shall be primary to any other insurance coverage purchased and shall be issued by an insurer licensed to do business in the state of Texas having a Best's Rating of not less than "A" and a net surplus of not less than \$25,000,000. The Contractor's obligation to provide for the continuation of such insurance shall survive completion of performance by the Contractor under this Contract.
- 13.3 The above insurance requirements are minimum requirements and shall not limit Contractor's liability to Owner in any manner.

14.0 TERMINATION FOR CAUSE OR CONVENIENCE

- 14.1 Either party shall have the right to terminate this Contract in whole or in part at any time by written Notice to the other party. Any such written Notice shall specify the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.
- 14.2 In the event of termination by Owner as provided herein, Owner shall compensate Contractor for any installed and inspected Work that meets the program requirements. Owner shall not be required to compensate Contractor for expenses connected with preparation of an Initial or Final Application, or any other cost not directly approved by Owner.
- 14.3 In the event of termination, those provisions of this Contract that by their nature continue beyond the Termination of this Contract shall remain in full force and effect after such termination.
- 14.4 The rights and remedies of Owner provided in this Article 14.0 are not exclusive and are in addition to any other rights and remedies provided under this Contract, or at law, or in equity.

13.0 COMPLETE AGREEMENT

This Contract is intended as the exclusive statement of the agreement between the parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract, and recourse shall not be had to alleged prior dealings, usage of trade, course of dealing, or course of performance to vary or contradict the express terms of this Contract. This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by duly authorized representatives of both parties with the same formality as this Contract.

Appendix C: Supplier Diversity Policy Statement

Supplier Diversity Policy Statement

CenterPoint Energy recognizes the importance of Minority-owned and Women-owned Business Enterprises (MWBE) to the economies of the nation, the state, and the communities it serves, as well as, the corporation itself. Therefore, we are committed to pursuing business relationships with such enterprises and using innovative approaches designed to continually improve business opportunities. Our commitment is not philanthropic - the relationships we are seeking must meet the test of providing value both to CenterPoint Energy and to the minority-owned and women-owned business enterprises.

CenterPoint Energy's Supplier Diversity Objectives are to:

- Actively and routinely seek out qualified minority-owned and women-owned business enterprises that can provide competitive and high-quality commodities and services in a competitive market.
- Encourage participation and support of supplier diversity by major suppliers to CenterPoint Energy who are not minority-owned or women-owned businesses.
- Seek out opportunities to assist in the development and competitiveness of MWBEs through instruction, mentoring, and other outreach activities.

CenterPoint Energy's Suppliers Diversity Initiatives will be overseen by a Senior Management Diversity Steering Committee and directed by the Supplier Diversity Organization. All CenterPoint Energy management and employees will share in this corporate-wide commitment and responsibility by focusing on the implementation of procurement processes and procedures that will enhance opportunities.

Appendix D: Exceptions to Contract Documents

CenterPoint Energy

Proposer's Exceptions to RFP or Contract Documents

Bidders:

List below any and all exceptions to the commercial terms and conditions or the Scope of Work related to this Request for Proposal. Reference the document title and cite the page, article and paragraph number for all exceptions. If applicable, provide a substitute provision or modified language and price accordingly.

Noting an exception or providing substitute language shall not constitute acceptance by CenterPoint Energy.

If there are no exceptions indicate "No Exceptions" in the space below and include the signed form with the bidding documents.

Signature

Date

Typed/Printed Name

Company Name