2026 Commercial Market Transformation Program Manual

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Program Overview

The Texas-New Mexico Power (TNMP) Commercial Market Transformation Program (CMTP) is designed to support various types of commercial facilities to improve energy efficiency, reduce operational costs, and enhance overall building performance. Through a combination of no-cost energy assessments, technical guidance, and financial incentives, the program enables participants to implement strategic upgrades that lead to long-term energy and cost savings.

By participating in the TNMP CMTP, commercial customers can expect to lower energy costs through high efficiency installations and personalized recommendations tailored to their needs. Financial incentives are available for a variety of energy efficient measures. Other benefits include energy benchmarking, building assessments, and communication support.

How TNMP CMTP Can Assist

1. Benefit to business owners and entities
    a. The TNMP CMTP is an energy efficiency program offered to commercial customers to help reduce energy usage and offset project costs.
2. Drive Projects through customer engagement
    a. We want to hear from you. What are your needs? You know your facility, and we want to help guide a project or discussion to get things started.
3. Work to find a solution to fit your needs, while saving energy
    a. Through this process, we will work with you to help reduce peak demand, save electricity, reduce operating costs, maximize the efficiency of new systems and generate cash incentives from TNMP. This should not be a cookie cutter approach, but fit around your interests, needs and steering towards project measures that make financial sense at this time.
4. Collaborate with all parties involved
    a. Pronged approach to success. We want to be involved early in a project, connecting with vendors, architects, engineers, so that we can make recommendations and provide incentive estimates that will help offset the costs of installing higher efficiency systems.
5. Offer flexibility to maximize the service to the business or contractors

a. We understand flexibility is necessary throughout these projects. The program is designed to make participation as seamless as possible. From project identification to the final incentive payout, we are here to help.

Background

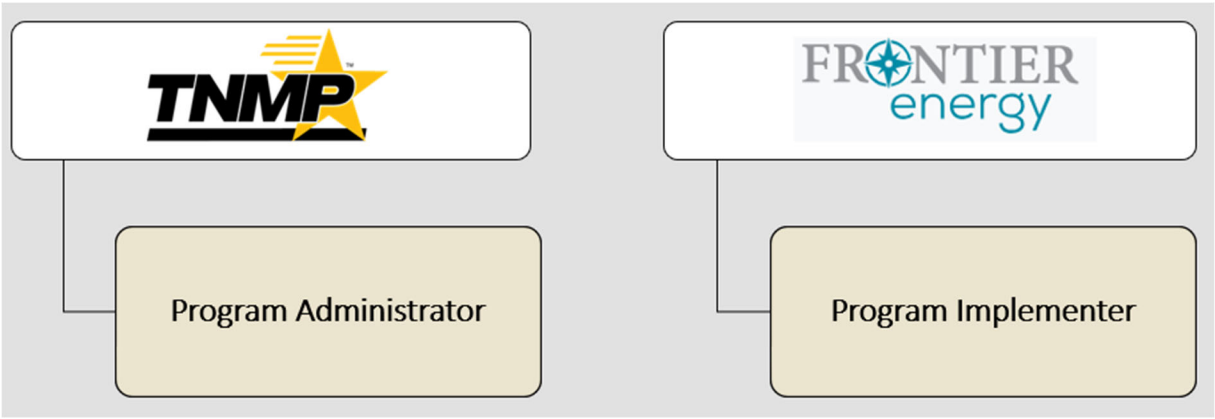
TNMP is an electric transmission and distribution service provider that serves more than 280,000 homes and businesses in Texas. It delivers electricity to customers across north, central, west and Gulf Coast regions of Texas. TNMP is the program administrator for CMTP.

TNMP Team

- Stefani Case – Regulatory and Energy Efficiency Director
- Josh Campbell – Energy Efficiency Sr Program Manager
- Dianne Mana-ay – Energy Efficiency Program Manager

TNMP & Frontier Energy Partnership

Frontier Energy (Frontier) is the commercial program implementer on behalf of TNMP. Frontier is a Texas based company dedicated to helping businesses operate their buildings more efficiently. Our goal is to help participants understand the technical and financial benefits of investing in energy efficiency and develop a clear plan to make improvements. Participants will receive energy efficiency recommendations to assist with decisions about making cost effective investments in facility energy efficiency. Participants also receive direct cash incentives for completing energy efficiency projects that reduce peak electric demand and save energy consumption. While we do provide some technology recommendations, we don't require specific technologies, manufacturers or contractors. Instead, we provide a framework through which you can receive incentives for implementing and installing a wide range of eligible measures at your facilities.



Program Objectives

The program is designed to educate participants on energy efficiency for their building.

- Maximize incentive dollars for TNMP customers.
    - Incentives will be based on aligning appropriately with our goal of $0.105/kWh delivered or $400/kW (whichever is greater) to maximize dollars returning to customers for energy efficient projects. For certain types of projects, tiered incentive values seen below can be utilized.
    - Frontier will perform regular incentive analysis to inform supporting incentive rate strategies that leverage program years with higher avoided energy and capacity costs to help promote new technologies or underused measures.
- Grow the program in terms of participants, trade allies, energy conservation measures, and savings.
- Ensure sufficient program coverage across TNMP's territory, including customers in remote areas.
- Provide a high level of satisfaction across all program components to enhance TNMP's reputation and promote participation in future years.
    - The Frontier team will work to become a trusted partner to TNMP's commercial customers by educating them on energy savings opportunities and supporting them on their projects and incentives to remove barriers to participation and maximize energy savings.
- Ensure program effectiveness through monitoring and verification
- Conduct energy assessments before projects start and post verification site visits after project completion.

2026 Goals & Budgets

Program	kW	kWh	Incentive Budget
CMTP	2,523	9,623,801	$1,284,874

Participant Eligibility

Non-residential customers within TNMP service areas are eligible to participate in CMTP. Proposed projects must involve the installation of energy-efficient equipment or upgrades that deliver energy savings in accordance with the Texas TRM. Projects may include retrofits from existing systems, building remodels, or new construction incorporating high-efficiency designs and technologies.

CMTP participants include:

- Small business facilities and non-profit organizations

- Large commercial, manufacturing and industrial customers
- Independent school districts, colleges, universities, and tech schools
- Cities, counties and government agencies

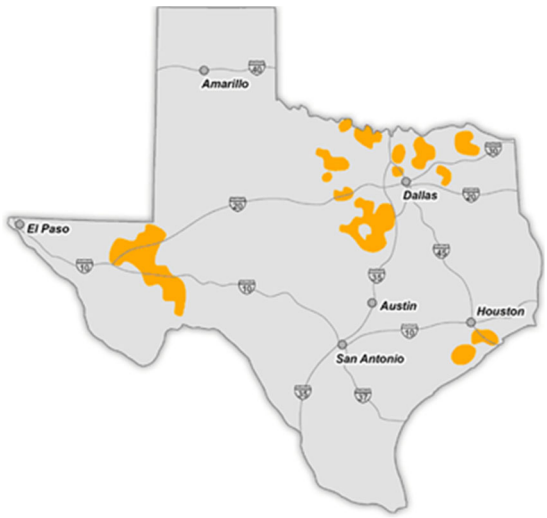
Commercially metered customers within TNMP service areas are eligible to participate in the program. CMTP is designed to support a wide range of stakeholders involved in the planning, design, construction, and operation of commercial facilities. These stakeholders may include business or facility owners, developers, facility engineers, architects, and contractors. Our team will work with all participants to ensure projects meet program standards and deliver verified energy savings.

Proposed projects must include the installation of energy-efficient equipment or upgrades that deliver energy savings in accordance with the Texas TRM. Projects may include retrofits of existing systems, building remodels, or new construction that incorporates energy-efficient technologies and design.

TNMP Service Areas

TNMP's service area covers north, central, west, and Gulf Coast regions of Texas. Please see the pictures below for service area reference:

Figure 1:



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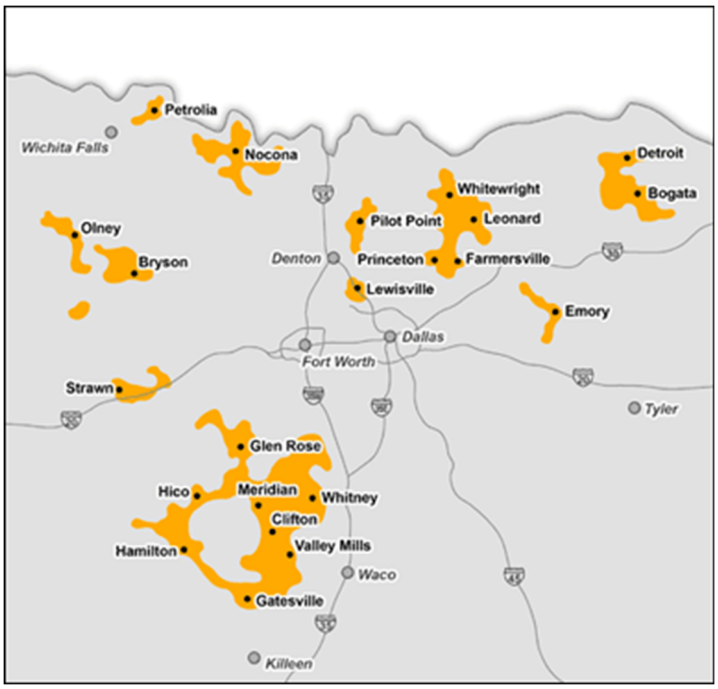

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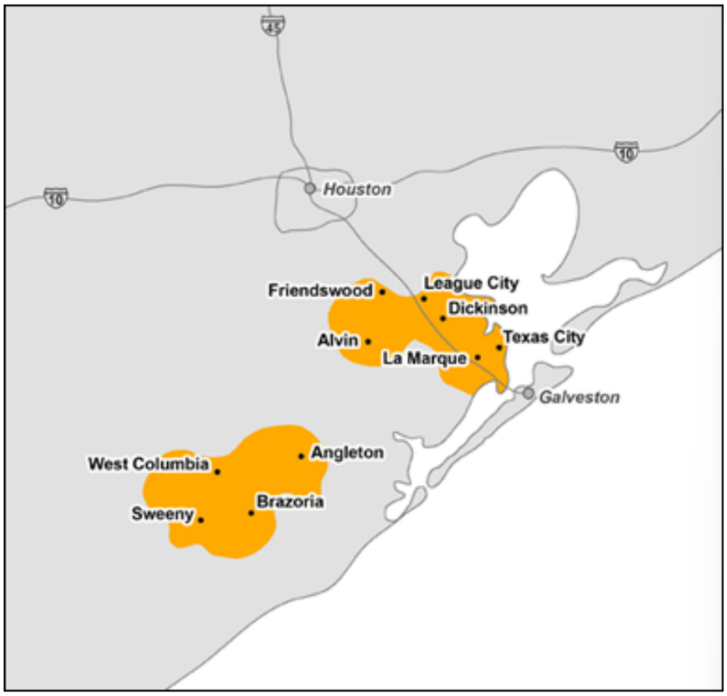

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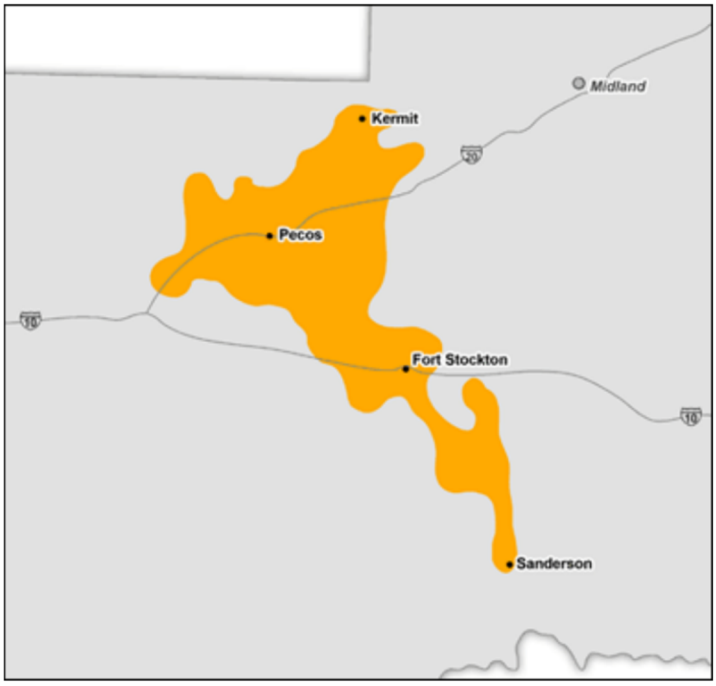


Trade Ally Participation

To participate as a trade ally in the TNMP CMTP, businesses must meet eligibility criteria. Eligible trade allies include:

- **Contractors** – Licensed contractors with expertise in energy-efficient equipment installation, including HVAC, lighting, building automation, and more.
- **Engineers and Architects** – Professionals with experience in designing and specifying systems for buildings.

Requirements

- **Licensing and Certification:** Trade allies must hold any necessary state or local licenses required.
- **Alignment with Program Standards:** Trade Allies must follow program guidelines for system design, installation, and quality assurance to ensure that energy-saving measures meet TNMP's performance criteria.
- **Project Enrollment Application:** As a vendor is working with an end user during project development, a short application is required to enroll the customer into the CMTP and kick start the project.

Benefits of Contractor Participation:

- ✓ Create relationships to inform customers of energy efficiency programs offered by TNMP
- ✓ Assist throughout proposals/quote processes
- ✓ We handle all data entry, calculations, and spreadsheets for you
- ✓ Ensure projects get wrapped up for customers to receive incentives post completion

Types of Projects

The program supports a wide range of energy efficiency projects designed to reduce energy consumption and improve facility performance. Projects are evaluated based on eligible measures, energy savings, and alignment with the program's goals to maximize efficiency and reduce long-term operational costs. Types of projects include:

New Construction

- We will work to assist in a proactive manner to get in front of projects
- Inform the customer about program offerings
- Discussions with architects, engineers and contractors to influence energy efficiency in the project
- Plan reviews to identify savings, qualified measures, and estimated values

Remodel & Renovations

- General discussions up front and support as needed during space transitional use
- Capturing all eligible measures being planned
- Custom approaches to guide efficiency into the project

Retrofit

- Upgrading or improving existing buildings, systems, or equipment
- Discuss with the customer what type of equipment is already in place and what it will be replaced with
- Before and after photo verification will be needed

Custom Projects

- Custom projects may include a wide range of measures and opportunities that generate kW and/ or kWh savings
- Early engagement with our team is critical to ensure savings methodologies and project approaches align with program requirements

CMTP Process

1. **Submit an online application.** We can send the link to you, your customer, or a team member. Once the application is completed, an email is sent to our team, and you are entered into our program systems. See application link:

   TNMP Commercial Market Transformation Program

2. **Initial outreach.** Within one business day, our team will reach out by phone or email to discuss interest in the program and outline next steps that will benefit the customer.
3. **Site visit**. The next step is to get on site to review projects currently underway and identify energy-saving opportunities. From there, we can provide some estimates or recommendations or lean on your vendors to provide a specific scope of work to go off.
4. **Project Completion.** We'll work with vendors to complete the approved projects.
5. **Final documentation**. Submit final documentation to our team, including final equipment submittals, plans, and project details, for final incentive submission
6. **Receive incentives and savings.** Once approved, the customer can enjoy energy savings and cash incentives.

Eligible Measures

- Lighting Measures: Upgrading lighting systems to DLC or ENERGY STAR rated LED lighting is one of the most effective ways to reduce energy use and improve working conditions. Examples include:
  - LED Lighting Retrofits - Replacing fluorescent, incandescent, or HID lights with energy-efficient LED fixtures.
  - Lighting Controls - Installing occupancy sensors, daylight harvesting systems, and dimming controls to adjust lighting levels based on activity and natural light.
  - Exterior Lighting - Upgrading to high-efficiency LED streetlights, parking lot lights, and security lighting.
  - LED Installation in New Construction - Installing LED lights throughout a new facility that meets engineering requirements.

- HVAC (Heating, Ventilation, and Air Conditioning) Measures: Improving HVAC systems increases comfort while reducing energy use. Examples include:
    - High-Efficiency HVAC Systems – Installing energy-efficient chillers, split systems, and packaged rooftop units (RTUs).
    - Variable Frequency Drives (VFDs) – Used with motors to enhance energy efficiency and process control
    - Energy Recovery Units – Ventilation systems known as Energy Recovery Ventilators (ERVs) for indoor air quality
    - Smart Thermostats – Installing programmable and Wi-Fi smart thermostats for better temperature management
    - HVAC System Recommissioning/ AC Tune Ups – Optimizing the performance of existing HVAC systems through maintenance and upgrades
- Building Envelope Improvements: White reflective roofing replacement and insulation upgrades – Adding insulation to walls, and roofs to prevent heat loss and gain.
- Building Automation and Control Measures: Automating energy use improves overall system efficiency. Examples include:
    - Installing centralized controls to monitor and manage energy use.
    - Smart Building Controls – Integrating HVAC, lighting, and other systems for automated performance adjustments.
    - Occupancy-Based Scheduling – Adjusting heating, cooling, and lighting based on building occupancy patterns.
- Electric Water Heating and Conservation Measures: Reducing electric water heating costs helps lower overall energy consumption.
- Renewable Energy Integration *(if applicable)*: Incorporating renewable energy helps offset energy consumption from traditional sources. Examples include:
    - Solar Panels – Installing photovoltaic (PV) systems to generate on-site electricity.
- ENERGY STAR Appliances: Reducing energy use from equipment and appliances lowers overall consumption. Examples include:
    - Energy-Efficient Appliances – Installing ENERGY STAR®-rated refrigerators, freezers, and dishwashers.
    - Power Management Systems – Using smart power strips and automated shutoff features to reduce standby energy consumption.

Incentives

The final incentive amount is calculated based on the annual energy savings as calculated by the savings methodologies in the Texas TRM—$400 per kilowatt saved or $0.105 per kilowatt hour (whichever is greater) saved. Custom efficiency projects can qualify but may result in a varied incentive value. Incentive payment values are subject

to change at the program's discretion. TNMP reserves the right to cap incentives to a project and/or customer on an annual basis.

General Guidelines of Incentive Evaluations

Standard Rate - $400/kW or $.105/kWh (whichever is larger)
Utility has ability to evaluate kW or kWh savings to incentivize customer based on cost effectiveness
Utility has the ability to evaluate program budgets, customers and participants to ensure diversification of measures and enrollment
COMPASS Tiers - Focus on measures utilized in the DSE, ACE or LSF tools and TRM
Custom Tiers - Focus on custom measures and projects, process improvements and M&V engineering studies
Tiered incentive rate can be based on facilities peak kW load and assist to route a customer to the appropriate track
All programs would be eligible, targeted towards Large Commercial and Schools/Govt

Facility Peak kW	
Customer Size	**COMPASS Option**
0-250kW	COMPASS Option Tier 1
250-500kW	COMPASS Option Tier 2
500+ kW	COMPASS Option Tier 3

COMPASS Tier1 - Standard Incentives		
Tiered kWh based incentive. Projects are going to have reduced kWh values as savings increase over thresholds.		
	$/kWh	**$/kW**
Tier 1	0-100,000 kWh = $0.105/kWh	$ 400.00
Tier 2	100,000-300,000 kWh = $.105/ kWh	$ 400.00
Tier 3	300,000 - 500,000 kWh = $.105/ kWh	$ 200.00
Tier 4	500,000-1,000,000 kWh = $.025 / kWh	$ 200.00
Tier 5	1,000,000 - 99,999,999 kWh = $.025 / kWh	$ 200.00

COMPASS Option Tier 2		
Tiered kWh based incentive. Projects are going to have reduced kWh values as savings increase over thresholds.		
	$/kWh	**$/kW**
Tier 1	0-100,000 kWh = $0.105/kWh	$ 400.00
Tier 2	100,000 - 300,000 = $.05/kWh	$ 250.00
Tier 3	300,000 - 500,000 kWh = $.025/ kWh	$ 100.00
Tier 4	500,000 - 1,000,000 kWh = $.025/kWh	$ 100.00
Tier 5	1,000,000 - 99,999,999 kWh - $.01/kWh	$ 100.00

COMPASS Option Tier 3		
500,00kWh < Tiered kWh based incentive. Projects are going to have reduced kWh values as savings increase over		
	$/kWh	**$/kW**
Tier 1	0-100,000 kWh = $0.05/kWh	$ 250.00
Tier 2	100,000 - 300,000 = $.05/kWh	$ 250.00
Tier 3	300,000 - 500,000 kWh = $.025/ kWh	$ 100.00
Tier 4	500,000 - 1,000,000 kWh = $.025/kWh	$ 100.00
Tier 5	1,000,000 - 99,999,999 kWh - $.01/kWh	$ 100.00

CustomTier1		
	$/kWh	**$/kW**
Flat Rate	1,000,000-3,000,000 kWh = $0.035/kWh	$ 100.00

Custom Tier 2	
	$/kWh
Flat Rate	3,000,000 - 5,000,000 kWh = $0.01/kWh

Custom Tier 3	
$/kWh	
Flat Rate	>5,000,000 kWh = $0.005/kWh

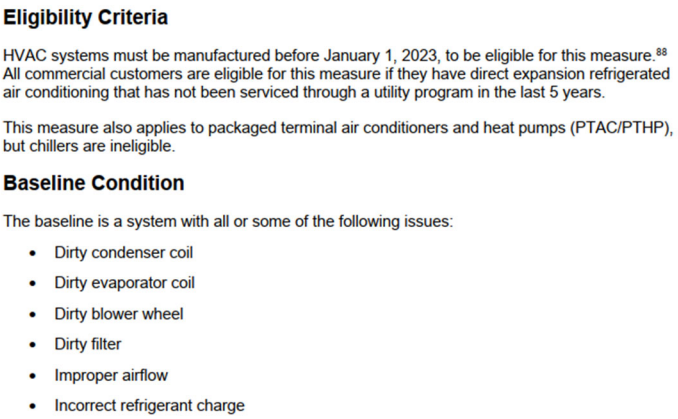
Air Conditioner and Heat Pump Tune Ups

As TNMP CMPT continues to expand our program offerings, we are introducing a new AC/HP tune up program for all commercial buildings utilizing electricity on existing systems. We are mirroring the guidelines set forth by the 2026 Non-residential Texas Technical Reference Manual (TRM) 13v3 throughout this measure process. Prescriptive energy savings and a prescriptive tiered incentive value are applied to this measure to offer for customer and contractor participation.

Inspection, Tune-up Checklist & Eligibility

- Check thermostat settings
- Tighten all electrical connections, measure motor voltage and current

- Lubricate all moving parts, including motor and fan bearings
- Inspect and clean condensate drain
- Inspect controls of the system to ensure proper and safe operation; check startup/shutdown cycle of the equipment to assure the system starts, operates, and shuts off properly
- Clean evaporator and condenser coils
- Check refrigerant level and adjust to manufacturer specifications
- Clean indoor blower fan components and adjust to provide proper system airflow
- Inspect and clean or change air filters, (replacement is the preferred best practice)
- Measure airflow via static pressure across the cooling coil and adjust to manufacturers specifications
- Check capacitor functionality and capacitance; compare to OEM specifications



Eligibility Criteria

HVAC systems must be manufactured before January 1, 2023, to be eligible for this measure.[88] All commercial customers are eligible for this measure if they have direct expansion refrigerated air conditioning that has not been serviced through a utility program in the last 5 years.

This measure also applies to packaged terminal air conditioners and heat pumps (PTAC/PTHP), but chillers are ineligible.

Baseline Condition

The baseline is a system with all or some of the following issues:

- Dirty condenser coil
- Dirty evaporator coil
- Dirty blower wheel
- Dirty filter
- Improper airflow
- Incorrect refrigerant charge

Program Required Documentation

- The most recent tune-up service date or confirmation that system has not been serviced within the previous five years
- Climate zone or county
- Equipment type (split AC, split HP, packaged AC, packaged HP, PTAC, PTHP)
- Manufacturer and model number
- Cooling capacity of the serviced unit (tons)
- Heating capacity of the serviced unit, if applicable (tons)
- Before and after pictures of components illustrating condition changes due to cleanings

Recommended Data

- Serial number
- Refrigerant type
- Amount of refrigerant added or removed

- Target superheat or subcooling
- Post-tune up superheat or subcooling
- Static pressures before and after a tune-up
- Return and supply dry bulb and wet bulb temperatures

Incentive Tiers

Size	Incentive Value
1.5 to 3 tons	$ 100.00
4 to 5 tons	$ 140.00
6 to 10 tons	$ 250.00
11 to 15 tons	$ 435.00
16 to 25 tons	$ 500.00
26 to 30 tons	$ 600.00
31 to 50 tons	$ 840.00
51 to 80 tons	$ 1,200.00
80+ tons	$ 1,500.00

Incentive Documentation

To receive an incentive, participants must submit required documentation for each project. These materials are used to confirm installed equipment, verify program requirements, and process incentive payments. Required documentation includes:

- Electric ESID #
- W9 for entity receiving the incentive
- Pre & post photo verification
- Proof of purchase documentation which can include invoices, purchase orders, equipment submittals, or packing slips.
- Model numbers & details of old and new equipment
- AHRI Certificate for HVAC projects
- DLC Certificate for lighting projects

Development Measurement & Verification Plan

Frontier will review all calculators with our engineering support team (and statewide evaluator where necessary) prior to deployment to ensure all prescriptive calculations align with Texas TRM methodologies. All custom measure calculations will be reviewed by statewide evaluator for pre-approval. As we work with industries where custom and M&V measures are advantageous, Frontier will work with the customers to develop applicable M&V plans, ensuring compliance with industry standard protocols and the Texas TRM. Each business and M&V plan are unique and require specific pre- and post-installation data collection. We will ensure we communicate this information to all parties, including the customer, contractor, design firm, utility representative, and statewide evaluator, as needed. Along with this process, Frontier will work to maximize

incentive dollars to the customer based on eligible projects that follow program processes and guidelines.

Table 1: Overview of M&V Options

M&V Option	How Savings Are Calculated	Typical Applications
A. Partially Measured Retrofit Isolation Savings are determined by partial field measurement of the energy use of the system(s) to which an ECM was applied, separate from the energy use of the rest of the facility. Measurements may be either short-term or continuous. Partial measurement means that some but not all parameter(s) may be stipulated, if the total impact of possible stipulation error(s) is not significant to the resultant savings. Careful review of ECM design and installation will ensure that stipulated values fairly represent the probable actual value. Stipulations should be shown in the M&V Plan along with analysis of the significance of the error they may introduce.	Engineering calculations using short term or continuous post-retrofit measurements and stipulations.	Lighting retrofit where power draw is measured periodically. Operating hours of the lights are assumed to be one half hour per day longer than store open hours.
B. Retrofit Isolation Savings are determined by field measurement of the energy use of the systems to which the ECM was applied, separate from the energy use of the rest of the facility. Short-term or continuous measurements are taken throughout the post-retrofit period.	Engineering calculations using short term or continuous measurements	Application of controls to vary the load on a constant speed pump using a variable speed drive. Electricity use is measured by a kWh meter installed on the electrical supply to the pump motor. In the baseyear this meter is in place for a week to verify constant loading. The meter is in place throughout the post-retrofit period to track variations in energy use.
C. Whole Facility Savings are determined by measuring energy use at the whole facility level. Short-term or continuous measurements are taken throughout the post-retrofit period.	Analysis of whole facility utility meter or sub-meter data using techniques from simple comparison to regression analysis.	Multifaceted energy management program affecting many systems in a building. Energy use is measured by the gas and electric utility meters for a twelve month baseyear period and throughout the post-retrofit period.
D. Calibrated Simulation Savings are determined through simulation of the energy use of components or the whole facility. Simulation routines must be demonstrated to adequately model actual energy performance measured in the facility. This option usually requires considerable skill in calibrated simulation.	Energy use simulation, calibrated with hourly or monthly utility billing data and/or end-use metering.	Multifaceted energy management program affecting many systems in a building but where no baseyear data are available. Post-retrofit period energy use is measured by the gas and electric utility meters. Baseyear energy use is determined by simulation using a model calibrated by the post-retrofit period utility data.

Commercial Direct Install Program

TNMP offers select equipment replacements that include no-cost energy assessments, select energy-efficient upgrades (such as LED lighting, smart thermostats, and weatherization), and installation at no charge. This measure is intended for commercial customers with a peak demand of less than 100 kW.

Program Process

1. **Customer engagement** determines the business interest in participating in the program. Enrollment into the program through a short application seen below is required.
   TNMP Commercial Direct Install Program
2. **The scoping call** allows our analysts to interview each customer and establish their goals and expectations, allowing us to better tailor the assessment experience to meet their needs.
3. **The assessment** will include a walkthrough of the property, as our team collects an inventory of equipment, reviews setpoints, and identifies applicable recommendations to the customer.
4. **The analysis** in a streamlined assessment and simple, accessible report to highlight energy savings. Each assessment will focus on identifying all energy efficiency opportunities and customer goals.
5. **Analysis and recommendations delivery** call or meeting is encouraged to discuss the assessment findings and any next steps.
6. **Planning the direct install** takes time and effort. Frontier Energy will work closely with enrolled contractors and local businesses to accommodate schedules that fit everyone's interest.
7. **Direct installation** of energy efficient products within a commercial property.
8. **Summary of the project** and a copy of the analysis will be provided to the customer receiving the installation of the product.