

## Appendix B. 2026 Agency Participation Agreement

### PARTICIPATION AGREEMENT

#### AEP TEXAS (“UTILITY”) TARGETED LOW-INCOME PROGRAM

#### ADMINISTERED BY FRONTIER ENERGY, INC.

#### PROGRAM YEAR 2026

- 1.0 This Participation Agreement (this “Agreement” is between Frontier Energy, Inc., hereinafter known as “Frontier”, and \_\_\_\_\_ City of Laredo- Municipal Housing \_\_\_\_\_, hereinafter known as “Participant” or “Agency”, who seeks to participate in the Targeted Low-Income Program.

Whereas Frontier has been engaged by AEP Texas (“AEP Texas”, “Utility”), a Texas corporation, to assist with delivery of energy efficiency services to certain income-qualified electric distribution customers via the Targeted Low-Income Program (the “Program”); and

Whereas, Frontier desires to permit Participant to obtain incentives for eligible energy efficiency measures and services installed or performed at eligible residential properties as described in the current Program Guidebook, and Participant desires access to such incentives:

- 2.0 Referenced Documents. The installation of eligible energy efficiency measures and services at eligible residential properties as described in the current Program Guidebook (the “Work”) shall be accomplished in accordance with this Agreement, the current Program Guidebook, the current Kickoff Presentation, and any other program information or updates provided by Frontier to Participant via the program website, program-related documents and forms, or other communication from Frontier or Utility staff, and the current version of the Texas TRM.
- 3.0 Intellectual Property Rights. This Agreement does not convey ownership or any intellectual property rights to work product that Frontier developed, in whole or in part, prior to this agreement.
- 4.0 Frontier Energy. Frontier is solely responsible for directing Participant for all services required for the implementation of the Program in conformance with established guidelines and may, at its sole but reasonable discretion, adjust any compensation requested to comply with the Program guidelines.
- 5.0 Liability. Notwithstanding any other provisions in this agreement to the contrary, the liability of Frontier with respect to this Agreement shall not exceed the total price of this agreement, whether remedy is sought in contract, tort (including negligence), strict liability, warranty, indemnity or other legal theory, excepting only the gross negligence or willful misconduct of Frontier. In no event shall Frontier be liable to Participant in contract, tort (including negligence), strict liability, warranty, indemnity or other legal theory for any special, indirect, incidental, or consequential damages, such as but not limited to loss of anticipated profits or revenue, loss of use or non-operation, or increased expense of operation.

- 6.0 Term. The term of this Agreement shall end on December 31, 2026, unless extended per mutual written consent by Frontier and Participant. All Authorized Work shall be completed by November 15, 2026, unless a modified timetable is agreed to in writing by both parties.
- 7.0 Funding Allocation. Participant's initial funding allocation for the current program year is \_\_\_\_\_ and is indicated in P3. This allocation shall cover all costs of determining participant eligibility, conducting assessments, installing eligible measures, and agency administrative incentives. The Agency is wholly responsible for managing its allocation to ensure it does not overspend during the program year. This allocation may be increased or decreased after periodic reviews of the agency's progress toward completing performance milestones are completed; changes to the agency's allocation will be communicated via email to the agency's contact listed in section 31.0, and updated in P3.
- 8.0 Performance Milestones. Participant must demonstrate they are on track to spend the funding allocated to them in a timely manner. Frontier will review Participant progress throughout the program year and may increase or decrease a Participant's allocation depending on such progress. Agency performance toward meeting program milestones will be reviewed on or about May 1 and August 1 each program year. Agencies generally are expected to have invoiced for at least 25% of their budget allocation by May 1 and 75% by August 1. Agencies that are behind these milestones may have their allocations reduced for the remainder of the program year. Frontier shall notify Participant of any changes to a Participant's allocation in writing to the Participant.
- 9.0 Customer Outreach and Eligibility Determination. Agency will utilize its own resources to identify eligible customers and shall verify income eligibility using eligibility verification procedures outlined in Texas Administrative Code (TAC) Rules for Energy Assistance Programs. Agency will verify that the customer premise is in the electric distribution service territory of Utility by obtaining the ESI ID number or meter ID number from the customer and inputting this number into the program database.
- 10.0 Assessments. For homes determined to be eligible using the procedures outlined in Section 9.0 and the Program Guidebook, Agency's certified assessor shall conduct an assessment using the National Energy Audit Tool (NEAT audit) to calculate the Savings-to-Investment (SIR) ratio or utilize an approved Priority List along with Supplemental Guidance provided by Frontier Energy to determine the eligibility of program-supported energy efficiency measures.
- This assessment will include a blower door and duct blaster test wherever applicable. As part of the assessment, the Agency is responsible for verifying that the health and safety of customers will not be impacted by the installation of any of the above measures. This may include but is not limited to conducting lead-safe renovation practices in accordance with US EPA regulations and verifying pre- and post-installation carbon monoxide levels and pre- and post-installation ventilation rates.
- 11.0 Assessment Incentive. The incentive for conducting assessments is based on performance of the NEAT Audit (including pre- and post-installation blower door test and, if applicable, pre- and

post-installation duct leakage measurement), or on use of the multifamily Priority List. Incentives, and any limits thereon, are as described in the current year's Program Guidebook.

- 12.0 Determination of Measures to be Installed. Agencies are permitted to utilize one of two options when determining eligible measures: the NEAT audit or an approved Priority List along with Supplemental Guidance provided by Frontier Energy, up to the maximum per-home expenditure as stated in the current Program Manual. Agency shall input measure data from measures recommended by the NEAT audit into the program database. The program database will be used to calculate and track assessment incentives, measure installation costs and administrative payments.
- 13.0 Submittal of Homes for Pre-Approval. Agency shall submit homes for pre-approval via the program database. Submittals for pre-approval shall consist of all required project, customer, premise, and measure data and supporting documentation. Agency shall upload a copy of the Income Verification Form, a copy of the NEAT audit report or Priority List, and any additional documentation required to support the proposed measures via the program database before submitting a home for pre-approval.
- 14.0 Payment. For single-family homes, after pre-approval, Frontier shall provide prepayment for properly submitted work orders within thirty calendar days of initial approval, provided that Frontier has been reimbursed by the utility. Prepayments will reflect measure incentive amounts, but may withhold the 8% agency administration fee. Upon final submittal and approval of homes, pre-paid amounts will be reconciled against final incentives earned (including the agency administration fee), and the remainder paid to the agency. For multifamily heat pump retrofit projects, Frontier shall provide payment for completed and approved work within 30 calendar days of final approval, provided that Frontier has been reimbursed by the utility.
- 15.0 Installation of Measures. Agency shall perform and/or coordinate the installation activities, as well as any required post-installation services, such as installation verifications and the recycling or disposal of old appliances. All work shall be performed in a workmanlike manner, consistent with industry and TDHCA measure installation standards. Agency shall complete all required services and input updated measure installation data for each home included in a work order within forty-five (45) days of work order submittal.
- 16.0 Installation Reporting. Agency shall update installation data and upload a copy of the Customer Certification Form using the Program database for each home as soon as measures are installed. For homes where the air infiltration measure is included, a post-installation manometer reading photo must be uploaded.
- 17.0 Agency Administration Incentive. The program database will include in the installation report the installation costs, using the updated measure installation data, plus the Agency's administration incentive, which is eight percent (8%) of the measure installation costs.
- 18.0 Reconciliation of Work Order and Installation Report. The agency will correct the database to reflect any differences between measures that were included in the work order and measures installed in the home. In consideration of satisfactory performance of the work as outlined above, Frontier will reconcile the total amount due on the installation report against the corresponding work order payment. Any amount over or under paid shall be credited against or added to the amount requested on the next work order submitted after this installation report, or in the case of

work completed near the end of the term of this Agreement, within 30 days.

- 19.0 On-Site Inspections. Agency shall inform all customers that follow-up on-site inspections and/or surveys may be required by Frontier, the sponsoring utility, or third-parties operating on their behalf, including the Texas Evaluation, Measurement and Verification team. While rare, a single customer may be required to have multiple inspections from different parties. These inspections are aimed at validating that all program process and requirements are fully met.
- 20.0 Sales Taxes. Participant is responsible for payment of all sales taxes. Applicable state and local sales tax should be added to the prices submitted for all measures and services.
- 21.0 Independence of Participant. Participant shall be fully responsible for its own acts and omissions in addition to the acts and omissions of its affiliates, directors, officers, employees, and subcontractors, and shall be specifically responsible for sufficient and competent supervision and inspection to assure compliance in every respect with Agreement requirements. Frontier shall not be responsible for the payment of any sums to any of the Participant's subcontractors or suppliers.
- 22.0 Standards, Codes, Laws and Regulations. Participant 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 Agreement.
- 23.0 Background Checks. Participant shall be responsible for conducting criminal background checks on all personnel who will be working in the home or on the property of any customer who is participating in the Program. Any records matching any assigned personnel to the Texas Department of Public Safety criminal history file, sex offender registration or other name- based files shall be reported immediately to Frontier.
- 24.0 Insurance. Participant represents and agrees that it and its subcontractors will carry and provide proof of all required insurance as stated in the Program Guidebook throughout the term of the Agreement.
- 25.0 Termination for Cause. If Participant fails to perform a material term or condition of this Agreement, and fails to cure such default within 30 calendar days after receipt of written Notice of Default and Termination from Frontier, Frontier may declare this Agreement terminated, effective on the last day of said notice period ("Termination Date"). Participant shall be paid for all undisputed Work performed prior to the Termination Date. The following grounds for termination for cause:
- the failure, refusal or inability of the Participant to perform any material aspect of the Work in accordance with this Agreement (except as specified in Section 39, "Force Majeure"); or
  - Participant has become insolvent, has exhibited a pattern of failure to pay its bills, or has had checks for payment of its bills returned from suppliers and subcontractors due to insufficient funds; or
  - a court of law has enjoined Participant from performing the Work; or
  - In Frontier's reasonable judgment, the Work will not be completed within the specified time and/or budget and Frontier has reasonably requested Participant to take steps necessary to

accomplish the required progress and completion and/or cost containment, and Participant has failed to do so; or

- Participant has misused the corporate name, brand, or logo associated with Utility or Frontier.

26.0 Termination for Convenience. Notwithstanding anything to the contrary, Frontier reserves the right to terminate or suspend this Agreement at any time, for any reason, after providing Participant with no less than 30 days prior written notice. If, however, after consulting with Frontier, it is Participant's opinion that any of the Work is in a state such that interruption thereof would result in substantially increased costs upon resumption of the Work, Participant may complete that portion of the Work and Frontier will make incentive payments to Participant within 30 days of completion of the Work.

Participant shall resume any of the Work so interrupted, suspended or delayed when directed to do so by Frontier, provided, however, that the schedule and the time for performance shall be revised by a period of time reasonably necessary to overcome the effect of the interruption, suspension or delay. Other provisions of this Agreement, such as the delivery dates and terms of payment, will also be adjusted if necessary and as appropriate. Participant shall make every reasonable effort to minimize any additional expense pursuant to this Section.

Participant may terminate this Agreement for any reason upon forty-five (45) days written notice to Frontier. Failure to provide such notice will maintain this Agreement in full effect with all provisions included herein.

27.0 Reporting. Participant will provide data and required documentation, either by inputting or uploading required documents to the Program database, as specified in this Agreement.

28.0 Records and Audit. Participant's records, correspondence, procedures and practices and any other supporting evidence relating to this Agreement (all of the foregoing hereinafter referred to as "Records") shall be open to inspection and subject to audit and/or reproduction, during normal working hours, by Frontier or its authorized representative to the extent necessary to adequately permit evaluation and verification of customer eligibility forms, income documentation, customer agreement, and other Program documentation. Frontier or its authorized representative shall have access to said Records from the effective date of this Agreement, for the duration of the Work and until three (3) years after the date of final payment by Frontier to Participant pursuant to this Agreement.

29.0 Use of Name. Participant may not use Utility's or Frontier's corporate name, trademark, trade name, logo, identity or any affiliation for any reason, including soliciting customers for participation in its project, without Utility's or Frontier's prior written consent.

30.0 Publicity. Information relating to this Agreement may be released for publication and/or advertising only with the prior written approval of Frontier and Participant. Participant is expressly prohibited from using Utility's or Frontier's name in any publication, advertising, or promotion without Frontier's prior written consent, as applicable. Frontier is expressly prohibited from using Participant's name in any publication, advertising, or promotion without Participant's prior written consent.

- 31.0 Indemnity. Participant agrees to indemnify, defend, and hold harmless, Frontier and Utility, their officers, directors, employees, agents and independent contractors, and their affiliates, and each of their respective officers, directors, employees, agents and independent contractors from and against any and all liabilities resulting from third party claims for loss, damage, or injury to persons or property (“Liabilities”) arising from the negligence or misconduct of Participant, its affiliates, directors, officers, employees, and subcontractors to the maximum extent permitted by applicable law.
- 32.0 Infringement Protection. Participant represents to Frontier and Utility that the material prepared under this Agreement will not infringe on the copyright, patent, or license, or otherwise violate the proprietary rights, including trade secret rights, of any person or entity. Participant agrees to indemnify and hold Frontier and Utility, harmless from and against all liabilities, costs and damages arising out of such infringement, as well as claims of infringement. Participant further agrees to pay any judgment or reasonable settlement offer resulting from a suit, demand or claim, and pay any reasonable attorney’s incentives incurred by Frontier or Utility in defense of such a suit.
- 33.0 Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows, unless otherwise noted:

Frontier:

Name: Steve Wiese  
 Title: Director  
 Frontier Energy  
 1515 S Capital of Texas Hwy  
 Ste. 110  
 Austin, TX 78746-6544  
[swiese@frontierenergy.com](mailto:swiese@frontierenergy.com)

Agency:

Name: Joseph W. Nebb  
 Title: City Manager  
 Company: City of Laredo  
 Street Address 1: 1110 Houston St.  
 Street Address 2: \_\_\_\_\_  
 City/State/ZIP: Laredo, Texas, 78042  
 Email: jnceb@ci.laredo.tx.us

Such information may be changed from time to time by either party by providing written notice to the other in the manner set forth above.

- 34.0 Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the Work, and there shall be no modification or waiver hereof except by writing, signed by the party asserted to be bound thereby. There are no oral representations or agreements between the parties.
- 35.0 Time is of the Essence. The parties hereby acknowledge that time is of the essence in performing the duties under this Agreement. Failure to comply with stated deadlines or milestones may result in termination of this Agreement, payments being withheld, or other contractual modifications.
- 36.0 No Waiver. The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in duly force and effect.
- 37.0 Applicable Law. This Agreement shall be governed by the laws of the State of Texas, without application of its conflict of laws provisions. Venue shall lie exclusively in the state courts of Webb County, Texas, unless such cause of action is within the jurisdiction of the Public Utility

Commission of Texas (PUCT), in which case the proper venue and jurisdiction will be at the PUCT.

38.0 Assignment Prohibited. This Agreement may not be assigned by either party without the written consent of the other party. Arrangements between Participant and subcontractors which result in the assumption of substantial contractual obligations by the Participant shall be considered as an assignment and shall be subject to the provisions of this paragraph.

39.0 Modification. This Agreement may not be modified except by written agreement.

40.0 Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each remaining term and provision shall be valid and enforced to the fullest extent permitted by law.

41.0 Force Majeure. Neither party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failure of performance constitute default, if such delay or failure is caused by "Force Majeure." As used in this Section, Force Majeure is defined as: Acts of war and acts of God such as earthquakes, floods and other natural disasters, or actions of others, including but not limited to strikes, lockouts or other industrial disturbance, not within the control or arising from the fault of the Party claiming Force Majeure.

42.0 No Joint Enterprise. Each party shall perform its obligations under this Agreement as an independent contractor, and nothing contained herein shall be deemed to create, nor does it create, any association, partnership, joint venture, or relationship of principal and agent or master and servant between the parties, or to provide either party with the right, power or authority, whether express or implied, to create any duty or obligation on behalf of the other party.

43.0 Attorney's Fees. In the event of any legal action or other proceeding between the parties arising out of this Agreement or the transactions contemplated herein, the prevailing party in such legal action or proceeding shall be entitled to have and recover from the other party all costs and expenses incurred therein, including reasonable in-house and outside attorneys' incentives.

AGREED as of \_\_\_\_\_, 2026

Frontier Energy, Inc.

Participant

By: \_\_\_\_\_  
Name: Steve Wiese  
Title: Director

By: Joseph W. Neeb  
Name: Joseph W. Neeb  
Title: City Manager



Attest Mario I. Maldonado Jr.  
Mario I. Maldonado Jr.  
City Secretary

Rmz