



HOMEBUILDER AGREEMENT: 2026 AEP TEXAS HIGH-PERFORMANCE HOMES PROGRAM

To qualify for participation in the 2026 AEP Texas High-Performance Homes Program, this Agreement, and (the Agreement”) is made by and between _____ (“Homebuilder”) and ICF Resources, L.L.C. (“ICF”). ICF is the Program Administrator (“Program Administrator”) of AEP Texas’ 2026 High-Performance Homes Program (“Program”).

- 1. Participation Award.** For each home that meets the Program Requirements (as hereinafter defined), the Program hereby agrees to pay an Incentive Payment (as hereinafter defined), as applicable, based on the 2026 financial incentive schedule listed below. In recognition that applications to participate may exceed available incentive availability, AEP Texas will allocate incentive dollars based on each application received throughout the Program year. The total amount of any Incentive Payments that Homebuilder is eligible to receive will be posted to the Program reporting database once an application has been reviewed and approved. Upon approval, the Homebuilder shall be notified through automatic e-mail sent from the database. Incentive amounts are subject to adjustment at any time by the Program Administrator based on compliance with milestones, changes in incentive budget, or other factors that may arise during the Program year and are not guaranteed. Incentive Payments may be paid to Homebuilder for qualified homes that meet the Program Home Eligibility Requirements outlined here and in subsequent announcements.

2026 Financial Incentives. All homes must achieve a minimum of five percent (5%) kWh savings over the Texas 2018 TRM Baseline Reference Home (TBRH) established by the Public Utility Commission of Texas (PUCT) in the Texas Technical Reference Manual (TRM) 2018 Version 12.0 for Program Year 2026, Measurement & Verification Protocols. This eligibility threshold is designed to limit free-ridership and ensure project level cost-effectiveness. These incentives will be made available only for homes with a meter set date on or after July 1, 2025.

Tier 1, a home must meet the mandatory measures: **15.2 SEER2 AC** systems and Grade 1 wall and R-38 ceiling insulation installation and must meet 3 out of 6 additional elective options.

Tier 2, homes must include **15.2 SEER2 - 7.5 HSPF HP AC** systems and have the same mandatory Grade 1 wall and R-42 ceiling insulation installation requirements and features a 4 out of 6 additional elective requirements.

Tier 3, homes must include **15.2 SEER2 – 7.8 HSPF HP AC** systems and have the same mandatory Grade 1 wall and R-42 ceiling insulation installation requirements and features a 4 out of 6 additional elective requirements.

Innovation option: will replace the elective requirements. method to complying with Tier 1, 2 & 3 by installing **“Foam Encapsulation” Attic**. Effectively, by virtue of the properties of foam encapsulation, most elective measures from Tiers 1, 2 & 3 are met with exceedingly high performance: duct leakage is virtually eliminated, infiltration rates far exceed traditional buildings.



Table 1: 2026 Incentive Schedule

Mandatory Program Requirements	Tier 1	Tier 2	Tier 3
Climate Zone	CZ2	CZ2	CZ2
Minimum Cooling SEER2 Value	15.2	15.2	15.2
Grade 1 Wall Insulation	Yes	Yes	Yes
Grade 1 Ceiling insulation	≥R-38	≥R-42	≥R-42
Electric Water Heat Efficiency	-	-	0.95
Heat Pump HSPF2	-	7.5	7.8
Elective Requirements	Must meet 3 of 6 (Tier 1)	Must meet 4 out of 6 (Tier 2)	Must meet 4 out of 6 (Tier 3)
Duct Leakage CFM/100 sq. ft.	≤ 4	≤ 3.5	≤ 3.5
Infiltration ACH50	≤ 4.5	≤ 4	≤ 4
Average Window SHGC	≤ .24	≤ .22	≤ .22
Average Rated Wall + Sheathing R Value	≥ R-15	≥ R-15	≥ R-15
High Efficiency Lighting %	≥ 90%	≥ 95%	≥ 95%
Radiant Barrier	Yes	Yes	Yes
Incentive Amount	\$200.00	\$300.00	\$400.00
Additional Bonus Incentives (One Per Home)			
Heat Pump Water Heater	\$800	\$800	\$800
EV Charger “READY”	\$200	\$200	\$200
Heat Pump AC Bonus (15.2 SEER2 / 7.5 HSPF2)	\$100	\$100	\$100
Heat Pump AC Bonus (16.2 SEER2 / 7.8 HSPF2)	\$200	\$200	\$200
Right-Sized Heat Pump HVAC	\$50	\$50	\$50
“Smart” Thermostat (Energy Star)	\$50	\$50	\$50
Affordable / Low Income Housing	\$100	\$100	\$100

Additional details on Program incentives are listed below.

- A. Incentive Payments are subject to the submission of required documentation, and cooperation with random QA/QC (Quality Assurance/Quality Control) verification inspections. Required documentation includes: (a) Completed database forms for each home/unit address; (b) Uploaded address specific Ekotrope file for each home/unit.
- B. Any home with a documented minimum of five percent (5%) savings over the 2018 TRM Texas Baseline Reference Home, completes Section 3 (Fully Aligned Air Barriers) and Section 5 of the most current revision of the Thermal Enclosure System Rater Checklist, AND performs both Blower Door and Duct Blaster Testing (including leakage to outside) shall be eligible for incentives. All homes must meet the minimum energy code applicable to where the home is constructed in addition to the above requirements.
- C. All evaporators and condensing units shall be properly matched as demonstrated by an AHRI certificate.
- D. **HP AC Bonus incentives** will be paid for **15.2 SEER2 7.5 HSPF Heat Pumps and Higher**. The program will only be incentivizing builders who switch from electric resistance furnaces to heat pumps or who increase the SEER2 level of their existing heat pumps; these incentives will be allocated to each builder during the application process.

- E. **Right-sizing HP AC incentives** are also available for homes with **Heat Pump AC** under the whole house path that have submitted an ACCA approved Manual J. Systems installed will be required to be sized according to *ANSI/ACCA 3 Manual S – 2014* sizing standards noted in *Table N2-1, Sizing Limits for Cooling Equipment Only*. All submittals must be reviewed and approved to have met all requirements before incentives are awarded.
- F. **Smart Thermostat (Energy Star) bonus incentive**, applicants must submit systems model numbers and serial numbers to the database. To verify system eligibility,
- G. **EV “Ready”** – The Builder will prewire an electrical outlet for the future installation of a Level 2 electric vehicle charging equipment.
The EV Ready shall consist of:
- A dedicated 40 or 50-ampere, 208/240-volt dedicated branch circuit, and labeled “EV Ready” in the service panel or subpanel directory.
 - A NEMA 14-50 outlet located near the designated EV Ready Space and labeled “EV Ready” on or near the outlet faceplate.
- H. **Multi-family** incentives are paid at fifty percent (50%) of single-family incentive structure. Attached residential units, with greater than two units per building and three stories or less. All units must be individually metered. Customized incentive packages may be required depending on project size and other factors.
2. **Home Eligibility Requirements.** For purposes of this Agreement, the term "Eligibility Requirements" or "Home Eligibility Requirements" means (i) Builders will enter home **starts into database within forty-five (45) days** of permit date and home must be served by AEP Texas in a AEP Texas service territory as evidenced by town, zip code and ultimately a permanent meter number or ESI ID number associated with the home; (ii) the home has not received incentives from any other AEP Texas energy efficiency Program as evidenced by the permanent meter number or ESI ID number submitted through the Program’s online system; (iii) a home’s construction must be completed, and a permanent meter requested from AEP Texas between July 1, 2025, and November 20, 2026 (as determined by the AEP Texas permanent meter set date); (iv) the final HERS Rating for the home must be performed and dated between July 1, 2025 and November 20, 2026; and (v) the home must satisfy all Program requirements. AEP Texas will offer incentives to reward Homebuilders who deliver homes that meet the Program guidelines kilowatt hour (kWh) savings. The number of incentives awarded to each Homebuilder is determined through a competitive bid and scoring process. The incentive structure is designed to measure kWh savings achieved above the minimum Texas Baseline Reference Home. To be eligible for participation, a home must achieve at least a five percent (5%) savings over the 2018 TRM Texas Baseline Reference Home and meet all energy code requirements. **All participating Raters MUST submit the required information for all completed homes for each participating builder within sixty (60) days of Final Inspection (Certification) and Permanent Meter set to the house.**
3. **Incentive Payments – Documentation.** The required Documentation (as hereinafter defined) for Incentive Payments must be submitted electronically through the Program’s online system. The Homebuilder acknowledges and agrees that the Documentation for the applicable Incentive Payment request must be submitted in compliance with Performance Milestone Date Requirements, and in no event later than November 20, 2026, to qualify for Incentive Payments. The Homebuilder is responsible to have its contracted HERS Rater submit Documentation when appropriate through the online system and to ensure timely delivery of the final and proper address specific Ekotrope software file with other required database details. ICF shall verify documentation that meets Program Requirements within thirty (30) days of receipt and will notify Homebuilder of any discrepancies.



Homebuilder acknowledges that Incentive Payments are paid directly by AEP Texas in accordance with the ICF-AEP Texas Market Transformation High-Performance Homes Program Agreement. Homebuilder shall receive payment directly from AEP Texas within thirty (30) calendar days, after verification by AEP Texas of the required data, provided the Homebuilder has made timely submission of Documentation in the required manner and all Program Requirements have been met.

4. **Performance Milestone Date Requirements.** To qualify for Incentive Payments, Homebuilder must meet the following Performance Milestone Date Requirements:

Table 2: Performance Milestones

Date	Performance Milestone Date Requirements
April 6, 2026	At least 30% of total committed homes must be entered on the Program's online system: Homebuilder must have selected at least one preferred HERS Rater on the online system.
July 6, 2026	At least 70% of total committed homes must be entered on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.
October 5, 2026	At least 90% of total committed homes must be invoiced on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.
November 20, 2026	100% of total committed homes must be invoiced on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.

If Homebuilder fails to meet the performance date requirements, ICF may withdraw some or all of the Incentive Payments for homes for which Documentation has not yet been submitted. If ICF withdraws potential Incentive Payments it may, in its sole discretion, allow Homebuilder to reclaim a portion of any withdrawn Incentive Payments if Homebuilder exceeds future Performance Milestone Date Requirements.

5. **Homebuilder Participation Requirements.**

- A. **EPA Agreement.** Homebuilders participating in the Program and wishing to build and market ENERGY STAR qualified homes, must have submitted a signed Environmental Protection Agency ("EPA") "ENERGY STAR Partnership Agreement" and must remain on active status with EPA's voluntary Program during the term of this Agreement (www.energystar.gov).
- B. **Building Permits.** Homebuilders are responsible for obtaining building permits, if required by the applicable municipality, for each home for which an Incentive Payment is requested.
- C. **Home Production Reports.** Upon request from ICF, Homebuilder agrees to provide to ICF a home production report on the first of each month. The report will include the total number of eligible homes starts and completions in the AEP Texas service territory for the preceding month. The report shall include model/plan number, address, city and zip code for each eligible home. Homebuilders also agree to provide ICF with a list of eligible homes and planned communities during each Performance Milestone. ICF will use this information to help confirm communities are within AEP Texas' service territory.
- D. **Home Forecasts.** Homebuilder agrees to provide ICF with good faith forecasts of the number of eligible homes in the AEP Texas service territory that Homebuilder expects to complete by November 2026. Forecasts are due at each Performance Milestone Date. Homebuilder shall have no liability for the forecast provided to ICF and/or AEP Texas.



- E. **Sales Training / Presentation.** Homebuilders agree to allow ICF to meet with its salespersons at a time designated by Homebuilder regarding High-Performance homes and the benefits thereof. Homebuilder agrees to make information regarding High-Performance homes available to its customers by displaying High-Performance information provided by ICF and approved by Homebuilder in a location in Homebuilder's sales offices as determined by Homebuilder. Nothing herein shall obligate Homebuilder to orally inform its customers of the benefits of High-Performance.
- F. **Documentation.** Homebuilder agrees to provide the following for each home for which Homebuilder seeks an Incentive Payment (collectively, the "Documentation"): (i) entry of required home data in AEP Texas' online 2026 High-Performance Program P3 database system, and (ii) a completed site-specific Ekotrope software file will be provided by the Homebuilder's HERS Rater. Homebuilders will be responsible for entering all home starts into the system at least monthly. Homebuilders should coordinate with their HERS Rater to ensure all completed homes are invoiced each month to be eligible for Incentive Payments. Within thirty (30) calendar days after the Homebuilder submits an electronic invoice through the online system, AEP Texas will confirm the documentation for the home meets the Eligibility Requirements of this Agreement and does not provide duplicate information concerning a previously submitted home.
- G. **Use of RESNET Approved Rater.** Homebuilder agrees to use a RESNET approved HERS Rater(s) to provide testing on its Program homes and a HERS Rating Provider(s) to prepare accurate, site-specific HERS ratings through the Ekotrope software. The Homebuilder's chosen HERS Rater(s) must be registered with the Program in order to be eligible to submit Documentation on behalf of the Homebuilder. HERS Raters are responsible for providing the address specific Ekotrope file, and all required data inputs in the "Rating Information" section of the database. Neither AEP Texas nor ICF shall be responsible for the agreement between Homebuilder and its chosen Raters/Providers. Additionally, neither AEP Texas nor ICF make any claims or warranties as to testing provided on Program homes.
6. **Term.** This Agreement shall remain in effect until December 31, 2026; provided, however, any payments due for Documentation submitted prior to November 20, 2026, shall still be due and owing. Homebuilder acknowledges that ICF reserves the right to terminate the Agreement, or modify this Agreement at any time, without prior notice, as may be required by governmental regulatory action; provided, however, if this Agreement is modified, Homebuilder shall have the right to terminate the Agreement if the modified Agreement is unacceptable to Homebuilder.
7. **Indemnity.**
- HOMEBUILDER WILL RELEASE, INDEMNIFY, AND HOLD HARMLESS AEP TEXAS FROM ANY AND ALL CLAIMS, DEMANDS, LOSSES, EXPENSES, DAMAGES, ATTORNEYS' FEES, JUDGMENTS, COSTS, AND LEGAL LIABILITY ARISING FROM OR RELATED TO THE HOMEBUILDER AGREEMENT, THE HIGH-PERFORMANCE HOMES PROGRAM, OR ANY SERVICES OR PRODUCTS PROVIDED THEREUNDER, REGARDLESS OF ANY STRICT LIABILITY OR NEGLIGENCE OF AEP TEXAS, WHETHER ACTIVE OR PASSIVE, EXCEPTING ONLY SUCH CLAIMS AS MAY BE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AEP TEXAS.



8. Other Terms and Conditions.

- A. **Assignment.** Neither ICF nor Homebuilder may assign this Agreement, except that Homebuilder or ICF may assign this Agreement to an affiliated company of such assignor. However, such assignment shall not release assignor from the terms herein.
- B. **Attorneys' Fees.** The expenses, including reasonable attorneys' fees, of any arbitration, suit or other action to enforce the terms of this Agreement or to collect any fees due pursuant to the terms of this Agreement shall be paid by the non-prevailing party in such suit or action.
- C. **Limitation on Damages.** Neither party shall be responsible for any special, incidental, or consequential damages, except in case of gross negligence or criminal or fraudulent acts in the performance of this Agreement.
- D. **No Joint Venture or Partnership.** No language in the Agreement shall be construed to make the parties legal business partners, joint ventures, representatives or agents of each other, nor shall either party so represent such to any third party.
- E. **Additional AEP TEXAS Terms.**
 - i. ICF represents, and Homebuilder acknowledges, that ICF is an independent contractor with respect to AEP Texas and the Program, and that ICF is not authorized to make representations or incur obligations on behalf of AEP Texas. Homebuilders further acknowledge that AEP Texas is not a party to this Agreement and that ICF and Homebuilder are solely responsible for performance hereunder. Homebuilder agrees that AEP Texas is a third-party beneficiary of this Agreement and, as such, may rely on the representations made herein by Homebuilder and enforce Homebuilder's obligations hereunder to the extent the same are applicable to AEP Texas.
 - ii. Homebuilder agrees upon three (3) calendar days' prior verbal notice, to provide AEP Texas, ICF and any independent measurement and verification person selected by the Public Utility Commission of Texas with full and complete access to any Program home for any purpose related to the Program. Access shall be in compliance with the Homebuilder's reasonable access requirements.
 - iii. ANY REVIEW, INSPECTION, OR ACCEPTANCE BY AEP TEXAS OF THE PROJECT SITE OR OF THE DESIGN, CONSTRUCTION, INSTALLATION, OPERATION OR MAINTENANCE OF ANY HIGH-PERFORMANCE HOME, OR OTHER PROGRAM ELIGIBLE HOME, IS SOLELY FOR THE INFORMATION OF AEP TEXAS AND THAT, IN PERFORMING ANY SUCH INSPECTION OR REVIEW OR IN ACCEPTING A HIGH-PERFORMANCE HOME, OR OTHER PROGRAM ELIGIBLE HOMES, AEP TEXAS MAKES NO REPRESENTATIONS OR WARRANTY WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AS TO THE ECONOMIC OR TECHNICAL FEASIBILITY, CAPABILITY, SAFETY, OR RELIABILITY OF THE HIGH-PERFORMANCE HOME OR ITS CONSTRUCTION BY HOMEBUILDER.