



Policies and Procedures

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The Arizona Public Service (APS) Solutions for Business program provides incentives for business customers who upgrade their facility with energy efficient equipment, are building a new energy efficient facility, or are including energy efficient options in a major renovation. The program also provides incentives for design assistance, feasibility studies, retro-commissioning and commissioning incentives. APS has hired KEMA to implement the APS Solutions for Business program. This document conveys the rules, policies and procedures that govern program administration and customer participation. It is a companion document to the Incentive Application forms.

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1. Program Overview

The APS Solutions for Business program offers incentives to business customers for energy efficiency improvements in new construction and existing buildings.

- **Prescriptive Incentives** are available for common equipment upgrades including lighting, cooling, HVAC testing and repair, refrigeration and motors, in a retrofit, major renovation or new construction project. A “direct install” approach is available to all schools in APS territory and APS business customers with monthly per-site consumption of 100 kW or less.
- **Custom Incentives** are available for retrofit, major renovation and new construction energy saving measures not included in the list of qualified prescriptive measures.
- **Technical Assistance and Energy Study** incentives are available for energy feasibility studies, design assistance, commissioning and retro-commissioning for new or existing business facilities.

Application forms are available on the aps.com website. The Schools Supplement Form should be completed for all school projects in addition to the appropriate incentive application.

The following sections provide detailed information on the actual measures and specific program details related to each of the various offerings.

2. Program Marketing

Marketing collateral has been developed for the APS Solutions for Business program and is downloadable from the website. Trade Allies are encouraged to use the APS Solutions for Business marketing materials when promoting the program. Use of the APS logo or name on Trade Ally-developed materials and email/FAX blasts is not allowed. If any materials are developed and they include the program name, they must be approved by APS Solutions for Business prior to distribution. APS reserves the right to remove any Trade Ally and their associated company from the listing if they do not comply with the program’s policy and procedures.

3. Customer Eligibility

APS non-residential customers who contribute to the Systems Benefit charge or the Demand Side Management Cost Adjustment (DSMAC) charge are eligible. Measures installed in areas of any facility or premise that are served by an ineligible rate schedule are not eligible.

The direct install approach is available to all K-12 schools in APS service territory and eligible nonresidential customers with per-site monthly demand of 100 kW or less.

If the owner of a nonresidential building in APS service territory installs a qualifying energy-efficiency measure that results in lower energy use for the tenant (an APS customer), the building owner can qualify for the incentive.

4. Project Terms and Conditions

Applicants must abide by all program rules as detailed in this document and the application document(s). By signing the application agreement form, the customer agrees to all rules and requirements in place on the date of signature. Customers should reference the measure specification sheets for detailed technical requirements.

- The Final Application and all required documentation must be received by KEMA within six months of project completion or it will be deemed ineligible for payment. All equipment must be purchased and installed prior to submitting the Final Application. All materials removed, including lamps and PCB ballasts, must be disposed of properly.
- Equipment measures must involve capital improvements or equipment testing and repair (for HVAC) that save energy through efficiency improvements. Savings must be sustainable for five years. If the customer receives an incentive payment and does not install or removes the product(s) before the end of the product's life or within five years of installation (whichever is less), the customer shall return a prorated amount of incentive funds to APS.
- Pursuant to Arizona Corporation Commission Decision 70637, when calculating incremental cost, APS is required to reduce the incremental measure costs by any known monetary incentives offered by other entities (such as tax incentives). The applicant is responsible for applying for any relevant monetary incentives and for any tax liability associated with the receipt of incentive payments.
- Technical assistance studies require submission of a written report, as described in the application document. To be eligible for commissioning services, the new facility must consist of a minimum of 25,000 square feet of conditioned floor space. To be eligible for retro-commissioning services the customer's facility must have a minimum of 100 tons of chiller capacity and it is strongly recommended that these facilities utilize a central building automation system.
- Customers may be recognized as program participants in promotional materials after receiving an incentive check; however, project details will not be released without prior consent. Customers can opt-out of any recognition in a written letter to the APS Solutions for Business program.
- The Solutions for Business program team reserves the right to inspect all projects to verify compliance with the program rules and verify the accuracy of project documentation. This may include pre-installation and/or post-installation inspections, detailed lighting layout descriptions, metering, data collection, interviews, and utility bill data analyses. The customer must allow access to records and installation sites for a period of three years after receipt of incentive payment.

5. Incentive Caps

There are two types of incentive caps: annual customer caps and measure incentive caps.

5.1 Annual Customer Caps

Customers with monthly maximum billed demand of 100 kW or less can receive up to \$150,000 per customer per program year. Customers with monthly maximum billed demand of greater than 100 kW can receive up to \$300,000 per customer per program year.

For the APS Solutions for Business Program, APS defines the customer as the decision maker at an organization or firm that receives electric service from APS on an approved retail rate schedule. This is often determined by tax identification number, although other factors may also be considered.

Incentive Caps

All incentives paid through the APS Solutions for Business Program will be applied to the customer's annual incentive cap.

For example, an organization that has responsibility for the capital budget for multiple facilities and has one tax identification number, may receive incentives for several different projects at various facilities; that customer may reach the annual customer cap above which no additional incentives can be paid in that

program year. However, another parent organization may have subsidiaries (or departments) in which each subsidiary is responsible for its own capital budget (i.e., separate decision makers). In this case, each of these subsidiaries may be considered as a separate customer and thus, each would have its own cap.¹

All incentives paid through the APS Solutions for Business program and other DSM programs, such as Energy Information Systems (EIS), will be applied towards the customer's incentive cap. The APS Solutions for Business Team can assist customers in determining eligibility and risk of exceeding their annual customer cap.

APS will, at its discretion, determine which calendar year to attribute an application's incentives. Incentive funds will be attributed to a calendar year based upon availability of incentive funds and project completion date or when the final application is approved for payment.

5.2 Measure Incentive Caps

The paid incentive is capped at a percentage of the incremental measure cost. Incremental measure cost is the difference between the cost of installing a high efficiency piece of equipment and the alternative lower cost of installing a standard efficiency piece of equipment. The APS Solutions for Business Team will use data provided by the customer, and typical industry base cost, to determine the incremental measure cost. In some cases the full measure cost will be used, in other cases only a portion of the full measure cost is appropriate. Direct labor costs incurred by the APS customer will not be considered as measure costs for each measure.

Pursuant to Arizona Corporation Commission Decision 70637, when calculating incremental cost, APS is required to reduce the incremental measure costs by any known monetary incentives offered by other entities (such as tax incentives). The applicant is responsible for applying for any relevant monetary incentives and for any tax liability associated with the receipt of incentive payments.

The following table summarizes the measure incentive caps.

Incentive Type	Incentive Cap
Prescriptive Retrofit	75% of incremental measure cost
Prescriptive New Construction	75% of incremental measure cost
Direct Install Measures	90% of incremental measure cost
Custom Retrofit	50% of incremental measure cost
Custom New Construction	50% of incremental measure cost
Technical Assistance (Studies)	50% of study cost up to \$10,000 (\$20,000 for retro-commissioning)

¹ Government facilities are frequently an example for this exception as they often have a single tax identification number for numerous departments. In this case, the agency or organization responsible for the capital projects budget is defined as the customer for the purpose of setting customer caps.

6. Types of Incentives

This section provides specific details of the type of incentives available under the APS Solutions for Business program. The program applications provide further details regarding incentive levels and technical specifications. This program is not meant to provide incentives for fuel switching (e.g. from gas to electric), renewables, onsite generation, or gas chiller or other gas equipment projects.

6.1 Prescriptive Incentives

Customers can choose from an established (prescriptive) list of qualified measures with set incentive levels for retrofit and new construction projects. The eligible measures are summarized in the sections below. All applicants must review the program application forms for detailed incentive and technical specifications before assuming any measure is covered.

- Equipment replacement projects must demonstrate that the old equipment has been eliminated from the resale market.

The “Direct Install” approach is available for a subset of prescriptive measures. This approach can be used by all K-12 schools in APS service territory and APS business customers with per-site monthly demand of 100 kW or less. A site is defined as a customer at a single address having contiguous property. A customer site may be one location of a business that has multiple locations, such as a customer with a chain of convenience stores or restaurants. Customers must use a Direct Install contractor to qualify for this incentive. These contractors are identified on the program website.

Measures available for Direct Install are detailed in section 6.1.1 and include:

- T8 Lighting Retrofits
- Screw-in Retrofits
- Hardwired CFL Retrofits
- Exit Sign Retrofits
- Occupancy Sensors on Lighting
- De-lamping
- Refrigerated Case Evaporator Fan Controls
- Refrigerated Novelty Case Controls
- Anti-Sweat Heater Controls
- Refrigerated Case Fan Motor Retrofits
- Occupancy Sensor Controls on Vending Machines

Lighting

The prescriptive lighting component includes the following measures. Note that new construction incentives and requirements differ from retrofit. Please reference the specification sheets on the application form for detailed requirements. Customers must dispose of PCB ballasts and lamps properly.

- Replace T12 lamps and magnetic ballasts with T8 or T5 lamps with electronic ballasts
- Replace T12 lamps and magnetic ballasts with premium efficiency T8 lamps and electronic ballasts
- Permanent lamp removal (de-lamping): must include removal of all unused equipment² (Pre-Notification Application and pre-inspections are required for de-lamping projects)

² For projects where a T12 to T8/T5 conversion occurs with de-lamping, the new T8/T5 lamps will receive the T12 to T8/T5 incentive level per new lamp installed and the lamps de-lamped will receive the de-lamping incentive on a per lamp de-lamped basis. The equipment for the T12 T8/T5 retrofit incentives must be in place for a minimum of 5 years. If there are any additional modifications, such as de-lamping done in the future, a prorated portion of the T8/T5 incentive must be returned to APS.

³ The required efficiency for the program is the integrated part load value (IPLV).

- Install new T5 high output lamps and electronic ballasts
- Replace incandescent or CFL exit sign with an electroluminescent or light-emitting diode (LED) exit sign (retrofit projects only)
- Install hardwired passive infrared or ultrasonic detector occupancy sensors
- Install continuous or stepped daylighting controls
- Replace incandescent or high intensity discharge lamps with compact fluorescent lamps (CFLs) or install hard wired CFL fixtures
- Replace Metal Halide (MH)/High Pressure Sodium (HPS) fixtures with new fixtures containing at least two high output lamps and electronic ballasts.
- Install fluorescent induction lighting
- Replace incandescent lamp with Cold Cathode Fluorescent Lamp (CCFL).

Cooling

Prescriptive incentives are available for a variety of cooling systems including air- or water- split system; package terminal air-conditioners/heat pumps; single packaged units; and air- or water- cooled chillers. Incentives are available for programmable thermostats and for installing outside air economizers on existing AC or Heat Pump units or with purchase of new units.

- Cooling equipment must meet the minimum qualifying efficiency levels; applications must include product specification sheets to confirm the efficiency levels and tonnage.

The total cooling incentive is determined from two components: an equipment incentive and an efficiency incentive. Both incentives apply per ton of cooling installed. To qualify for an equipment incentive, the equipment must meet the qualifying efficiency guidelines for the relevant size category. The additional incentive is added for equipment that exceeds the minimum qualifying efficiency for the size category.

The incentive for air conditioners and heat pumps is calculated corresponding to the appropriate qualifying efficiency rating as follows:

$$\begin{aligned} & \text{Tons X \{Equipment Incentive/ton + [Efficiency Incentive/ton X (IPLV}_{\text{new}} - \text{IPLV}_{\text{qualifying}})\}] \text{ or} \\ & \text{Tons X \{Equipment Incentive/ton + [Efficiency Incentive/ton X (SEER}_{\text{new}} - \text{SEER}_{\text{qualifying}})\}] \text{ or} \\ & \text{Tons X \{Equipment Incentive/ton + [Efficiency Incentive/ton X (EER}_{\text{new}} - \text{EER}_{\text{qualifying}})\}] \end{aligned}$$

The incentive for chillers is calculated as follows:

$$\text{Tons X \{Equipment Incentive/ton + [Efficiency Incentive/ton X (kW/ton}_{\text{qualifying}} - \text{kW/ton}_{\text{new}})\}}$$

For example, if an applicant decides to install a 12.4 IPLV 72,000 Btuh (or Btu/hr) rated air-cooled air conditioner, the following steps are taken to calculate the incentive:

1. Calculate the tons
 - Divide equipment Btuh by 12,000 Btuh/ton
 - This unit is 72,000 Btuh/12,000Btuh/ton = 6 tons.
2. Identify the size category and associated minimum efficiency level
 - The unit is > 65,000 btu/hr (5.4 tons)
 - The minimum efficiency for this size category is 11.4 IPLV.
3. Calculate the incentive

$\text{Incentive} = \{\$50/\text{ton}_{\text{Equip. Incen.}} + [\$50/\text{Delta efficiency}_{\text{Eff. Incen.}} \cdot (12.4 \text{ IPLV}_{\text{new}} - 11.4 \text{ IPLV}_{\text{min}})]\} \times 6 \text{ tons} = \600

High Performance Glazing

The program pays an incentive for high performance glazing on a per square foot basis. Energy efficiency measures can be any combination of glazing, coating, film, and gas filling that meets the specified U-factor and Solar Heat Gain Coefficient. Films or coatings only added to existing glazing do not qualify.

HVAC Quality Installation and Testing and Repair

HVAC testing and repair incentives are available as part of a multi-pronged approach that includes performing a quality installation, sealing ducts, testing for refrigerant charge and air flow, testing for duct leakage, and/or correcting any problems identified in the testing and repair process. The application includes a detailed overview of the HVAC installation and testing and repair phases, and the incentive criteria. Incentives are calculated on a per-unit basis with an additive incentive per ton in some cases.

Further information on how to conduct the HVAC Testing and Repair activities eligible for an incentive may be found in the HVAC Services Supplement available by calling 1-866-277-5605.

Motors and Variable Speed Drives for Motors

Incentives are available for three-phase motors ranging in size from less than 1 horsepower to greater than 200 horsepower that meet or exceed the efficiency standard (NEMA Premium) provided in the table in the program application. Motor incentives are calculated using the horsepower of the motor.

Variable speed drives (VSD) are available for incentives and are paid per horsepower. For New Construction, VSD's required as part of ASHRAE 90.1, 2004 are excluded. Examples of VSD's excluded for incentives in new building applications include VAV fans 15 horsepower and greater on variable flow systems and pumps greater than 50 horsepower on variable flow systems. The APS Solutions for Business team will need to verify that any VSDs installed under the Program are producing energy savings. Detailed product specifications are discussed on the program application.

Refrigeration

The program offers incentives for a variety of refrigeration measures including: strip curtains on walk-ins, night covers, reach-in cooler controls, anti-sweat heater controls, high efficiency ice makers, high efficiency refrigerators/freezers, high efficiency evaporator fan motors and vending machine occupancy controls. These measures reduce operation of refrigerator compressors by reducing heat gain (strip curtains and night covers) or eliminate the need for additional refrigeration by removing excess humidity on doors (anti-sweat controls). The specifications and eligibility requirements for each measure are covered on the prescriptive applications.

6.1.1 Direct Install Measure Specifications

Direct Install Lighting Measures Specifications

Linear Fluorescent T8 Lamps with Electronic Ballasts

\$0.15/kWh

DI Measure: Replace T12 lamps and magnetic ballasts with T8 lamps and electronic ballasts without reducing the number of lamps per fixture.

- T8 lamps must have a color rendering index (CRI) ≥ 80 .
- Electronic ballast must be high frequency (≥ 20 kHz), UL listed, and warranted against defects for 5 years.
- Electronic ballasts must have a power factor (PF) ≥ 0.90 .
 - Ballasts for 4-foot lamps must have total harmonic discharge (THD) $\leq 20\%$ at full light output.

- For 2- and 3-foot lamps, ballasts must have THD \leq 32% at full light output.

Compact Fluorescent Lamps

Screw-in - \$0.02/kWh Hardwired - \$0.15/kWh

DI Measure: Replace incandescent lamp with screw-in compact fluorescent lamp (CFL).

- The lamp/ballast combination must have an efficacy \geq 40 lumens per Watt (LPW).
- Screw-in CFLs must be ENERGY STAR® rated and lamps \geq 18 Watt require electronic ballasts.
- For hardwired CFLs, only complete new fixtures or modular retrofits with hardwired electronic ballasts qualify.
- The CFL ballast must be programmed start or programmed rapid start with a PF \geq 90 and THD \leq 20%.
- Lamps receiving a retail buy-down by APS are not eligible.

Exit Signs

\$0.15/kWh

DI Measure: Replace incandescent or CFL exit sign with an electroluminescent or light-emitting diode (LED) exit sign.

- Exit signs must be UL or ETL listed, have a minimum lifetime of 10 years, and have an input Wattage \leq 5 Watts.
- Non-electrified and remote exit signs are not eligible.

Occupancy Sensors (Wall Box and Ceiling Mount)

\$0.15/kWh

DI Measure: Install occupancy-based controls on lighting.

- Only passive infrared and/or ultrasonic detectors are eligible.
- Wall box and wall-, ceiling-, or fixture- mounted sensors must be hardwired to control interior lighting fixtures.

Linear Fluorescent T8 Lamps with Electronic Ballasts with De-lamping

\$0.12/kWh

DI Measure: Replace T12 lamps and magnetic ballasts with T8 lamps and electronic ballasts and results in a reduction in the number of lamps per fixture.

- Customers must determine whether to use reflectors when de-lamping to maintain adequate lighting levels.
- Unused lamps, lamp holders, and ballasts must be permanently removed from the fixture to claim the de-lamping credit.
- Applicable when retrofitting T12 to T8, not available for de-lamping a T12 or T8 fixture.
- T8 lamps must have a color rendering index (CRI) \geq 80.
- Electronic ballast must be high frequency (\geq 20 kHz), UL listed, and warranted against defects for 5 years.
- Electronic ballasts must have a power factor (PF) \geq 0.90.
 - Ballasts for 4-foot lamps must have total harmonic discharge (THD) \leq 20% at full light output.
 - For 2- and 3-foot lamps, ballasts must have THD \leq 32% at full light output.

Direct Install Refrigeration Measures Specifications

Occupancy Sensor Vending Machine and Reach-In Cooler Controls

\$0.12/kWh

DI Measure: Install controls with a passive infrared occupancy sensor to turn off fluorescent lights and other vending machine/refrigeration systems when the surrounding area is unoccupied for 15 minutes or longer.

- Presumes refrigerated unit contains only non-perishable bottled and canned beverages.
- For the beverage machine, the control logic should power up the machine at 2-hour intervals to maintain product temperature.

- Control logic should power up the machine at 2-hour intervals to maintain product temperature for refrigerated cases.
- Reach-In Cooler incentive cannot be combined with Refrigerated Case Novelty Control incentive.

Refrigerated Case Evaporator Fan Controls

\$0.20/kWh

This DI measure is for the installation of controls in medium temperature walk-in coolers. The controller reduces airflow of the evaporator fans when there is no refrigerant flow. The measure must control a minimum of 1/20 HP where fans operate continuously at full speed. The measure also must reduce fan motor power by at least 75% during the off cycle.

This measure is not applicable if any of the following conditions apply:

- 1) The compressor runs all the time with high duty cycle.
- 2) The evaporator fan does not run at full speed all the time.
- 3) The evaporator fan motor runs on poly-phase power.
- 4) The evaporator fan motor is not shaded-pole or permanent split capacitor (PSC).
- 5) Evaporator does not use off-cycle or time-off defrost.

Refrigerated Case Novelty Controls

\$0.20/kWh

DI Measure: Install on/off controls on novelty coolers to shut down cooler when business is closed. Cooler should not contain and perishable items. Cooler must be at least 5 amps and shut down for 5 hours per day. Measure cannot be combined with reach-in cooler controls.

Anti-Sweat Heater Controls

\$0.20/kWh

DI Measure: Install device that senses the relative humidity in the air outside of the display case and reduces or turns off the glass door (if applicable) and frame anti-sweat heaters at low-humidity conditions.

- Technologies that can turn off anti-sweat heaters based on sensing condensation (on the inner glass pane) also qualify.

Evaporator Fan Motor Retrofit

\$0.20/kWh

DI Measure: Replace standard-efficiency shaded-pole evaporator fan motor in refrigerated display cases or fan coil in walk-ins with an electronically commutated motor (ECM).

6.2 Custom Incentives

The APS Solutions for Business Program offers custom incentives for energy efficiency improvements that do not fall under the prescriptive offering, but have isolated and measurable or verifiable energy savings. All custom measures must pass a Benefit to Cost test, also called a Total Resource Cost (TRC) test, as defined and calculated by APS Solutions for Business, using energy savings and incremental measure costs provided by the customer.

Custom incentives are calculated using \$0.11 per estimated first year kilowatt hour saved. Actual incentive payments are based on either (1) documented electrical energy (kWh) reduction or (2) an electrical energy reduction estimate approved by APS Solutions for Business. The incentive payment cannot exceed 50 percent of the energy-efficiency-related project costs, which are defined as the incremental costs associated with implementing the energy-saving measures.

- Equipment replacement projects must demonstrate that the old equipment has been eliminated from the resale market.
- Prescriptive measures can be included with a custom application (rather than submitting separate applications) when those measures have interactive energy-saving effects.

The Custom application form provides further detail on the specific measure criteria, supporting documentation, and savings calculation inputs required for the applicant to be eligible for an incentive. It is up to the applicant to present a convincing case for how energy savings should be estimated. The APS Solutions for Business Team is available to assist in developing energy savings estimates. Where applicable, ASHRAE standard 90.1-2004 will be the assumed baseline

Examples of Custom measures include but are not limited to:

- Light fixture improvements not covered under the prescriptive measures (LED lighting)
- Improved Automatic Controls (time switches, sensors, etc.)
- Building envelope improvements (solar screens, etc.)

Ineligible projects include, but are not limited to, cool roofs, electrical generation projects including renewables, fuel switching, and customer-owned onsite generation.

6.3 Technical Assistance & Study Incentives

The APS Solutions for Business Program offers incentives for four types of technical assistance services that investigate energy efficiency opportunities in existing facilities or in the design of new buildings. Incentives for engineering services aimed at existing facilities include retro-commissioning services and feasibility studies. For new construction and major renovations projects incentives are available for design assistance and commissioning services. The detailed technical assistance and study specifications and application requirements are listed in the application.

Engineering and Commissioning firms conducting these studies must produce detailed reporting that includes energy savings calculations and documentation. APS Solutions for Business program staff will review this documentation, and reserve the right to reduce the assumed cost of the study to reflect the rigor of the report. Firms are encouraged to contact program staff prior to performing the technical assistance or study, to receive guidance and/or templates for the required reporting.

Retro-commissioning studies will be paid at 50% of the study cost up to a maximum of \$20,000. All other studies will be paid 50% of the study cost up to a maximum of \$10,000. Projects receiving technical assistance may also be eligible for prescriptive or customer equipment incentives. All incentives for technical assistance or studies apply towards the customer's annual cap.

Feasibility Studies

Feasibility studies assist customers in identifying, evaluating and implementing energy efficiency opportunities within their existing facility. These studies are typically either a comprehensive energy audit or a more focused cost-effective assessment of one or more specific energy-savings technologies. Services involve detailed energy analysis, energy and cost calculations, and estimates on incremental costs of energy efficiency measures. Feasibility studies may involve, but are not limited to, systematic improvements to chiller systems, dynamic optimization of direct digital control (DDC) systems or advanced lighting designs.

- The engineering firm conducting the study must produce a written report detailing the study findings, methodology and supporting documentation along with completed program application forms ready for the customer to pursue program participation.

Retro-commissioning

Retro-commissioning services assess the operational and maintenance components of complex HVAC and lighting control systems in existing buildings to develop a strategy to optimize the systems' energy efficiency. Typical tasks include identifying and implementing relatively low-cost operational improvements and documenting these opportunities in a retro-commissioning report. To be eligible for

retro-commissioning services the customer's facility must have a minimum of 100 tons of chiller capacity and it is strongly recommended that these facilities utilize a central building automation system.

Retro-commissioning services will consist of two phases.

- Phase one requires that the applicant establish an energy usage baseline by benchmarking the facility using the ENERGY STAR® Portfolio Manager or similar tool.
- Phase two requires an engineering firm to perform predefined retro-commissioning services and produce a written report documenting an assessment of the existing energy systems along with recommended actions for system optimization.

Design Assistance

Design assistance off-sets a portion of the incremental cost associated with a variety of new construction planning and design activities. The services must focus on activities that have the potential to result in electrical energy savings and can consist of one or more of the following:

- Business case assessment for energy savings technologies
- Business case assessment for LEED® certification
- First-time incorporation of energy efficiency concepts into the building design
- LEED® certification process facilitation
- Design document review

Commissioning Services

Commissioning is a quality assurance process for new construction to ensure that complex HVAC, lighting control and energy management systems have been installed properly and operate as designed. Commissioning gains much of its success from the methodical, systematic review and record keeping carried out in parallel to the standard design, construction and project close out sequence. To be eligible for commissioning services, the new facility must consist of a minimum of 25,000 square feet of conditioned floor space.

- A Commissioning Agent will perform predefined commissioning services and provide the customer with a written report that also incorporates operating training and documentation.

7. Application Process

The APS Solutions for Business Program is offered on a **first-come, first-served** basis. Funding status can be checked either by calling the APS Solutions for Business phone line at 866-277-5605, email at APS.solutionsforbusiness@kema.com, or by visiting the Solutions for Business area of the APS website at aps.com.

A single application form is utilized for both phases of the application process: Pre-Notification Application and Final Application. If submitting a pre-approval application, simply check the "Pre-approval" box on the form and submit for pre-approval and the reservation of funds. To request payment for a completed project, submit the same form with the "Final Application" box checked and any changes indicated. The Final Application must be returned with an original signature and complete documentation before incentives will be paid.

The process of applying for a program incentive is designed to be simple and to involve as few steps as possible. The APS Solutions for Business Program staff is available during normal business hours to facilitate the application process. All customer information will be held in confidence.

Step 1: Submit a Pre-Notification Application

While strongly recommended for all projects to reserve funding, a Pre-Notification Application is only required for retrofit projects with de-lamping. For custom projects the Pre-Notification process is important for providing a preliminary energy savings methodology, to help identify potential incentives, and insure that the proposed approach is acceptable to the APS Solutions for Business Team.

- If an applicant plans on installing more equipment than there is space available on the form, multiple copies of the required page can be submitted. Please make a note that additional pages are included when you send in your completed Pre-Notification Application.

Businesses with multiple locations throughout APS' service territory may submit one application for all locations or may send applications for different projects at different times. If multiple applications are filed, the customer will still be subject to the annual customer incentive caps.

- If a project includes multiple sites, please attach a list of all sites, addresses, and appropriate contact information for the sites to the application.

Submission Deadline
Final Applications must be submitted **within six months of project completion.**

The APS Solutions for Business Team will review all pre-notification applications for eligibility and completeness of customer information in the order received. Funds will not be reserved for the project until the team receives a completed application. APS Solutions for Business Team will notify applicant of any deficiencies, but the applicant will lose its place in the review process until all requested information is received.

The APS Solutions for Business Team will alert the applicant by letter of the amount of incentives reserved and the reservation expiration date. Incentive funds will be secured for 120 days. The customer may request, subject to approval by the APS Solutions for Business Team, that the funding be reserved for more than 120 days if the project schedule is expected to extend more than four months. The APS Solutions for Business Team may contact the customer periodically to ensure that the project is moving forward and may cancel the commitment based on the customer's response. Funds that have been reserved are not transferable to other projects, facilities, and/or customers. It is the customer's responsibility to contact the Program staff if a project is delayed, substantially changed, or cancelled.

Step 2: Install Equipment or Perform Project Work

The customer or contractor installs the equipment or performs other project work according to the specifications described for the eligible measures. Detailed specifications associated with each of the individual programs are provided on the program application form.

Step 3: Submit Final Application

Within six months of project completion, the applicant submits the Final Application with all required supporting documentation. The project completion date shall be determined by the date the energy-efficient equipment becomes operational. Applications submitted after six months will be deemed ineligible for payment. Applicants may use a copy of the Pre-Notification Application with changes indicated and the "Final Application" boxed checked.

- Documentation should include invoices detailing of the specific equipment and purchases, the services provided, and other costs.
- The location or business name on the invoice must be consistent with the application information.
- The project invoice must provide sufficient detail for the APS Solutions for Business team to separate the costs of the energy efficiency measures from the costs for other services such as repairs and building code compliance.

- In cases where the contractor will receive the incentive payment directly, the submitted invoices must include the full cost of the measures and not only show the portion of the project cost that the APS customer will pay. Customer internal labor is not reimbursable.

The APS Solutions for Business Team reserves the right to request additional supporting documentation with the Final Application as deemed necessary to ensure measure eligibility and verify that the expected energy savings will occur. Additional documentation may include, but is not limited to: equipment purchase dates, installation dates, proof that the equipment is operational, manufacturer specifications, warranty information, proof of customer co-payment, or commissioning reports. All projects that request and/or receive incentive funding may require onsite inspections and/or equipment monitoring to verify energy savings before determining the final incentive payment.

The customer can designate a third party as the recipient to receive the final incentive payment. The customer must sign the final application in the appropriate places and initial the Agreement in the appropriate place before the incentive will be paid to a third party.

Step 4: Final Application Review

The APS Solutions for Business Team will review all applications and final project documentation for eligibility and completeness. Completed applications will be reviewed in the order received. Funds will not be authorized for payment until the team receives a complete application and determines that the project meets the program eligibility requirements. Applicants who submit incomplete applications will be notified of deficiencies, but will lose their place in the review process until all requested information is received. Incentives will be paid within four to six weeks after the APS Solutions for Business Team's approval of the Final Application.

- Incentives are available until funds are exhausted. All applications will be reviewed against the program rules in place at the time the application is submitted.

7.1 Pre and Post Inspections

The APS Solutions for Business team reserves the right to inspect and monitor all projects to verify compliance with the program rules, verify the accuracy of project documentation, and verify equipment / system performance. This may include pre-installation and/or post-installation inspections, detailed lighting layout descriptions, metering, data collection, interviews, and utility bill data analyses. Recipients of the incentive payment must allow access to records and installation sites for three years after receipt of incentive payment.

7.2 Special Considerations for the Custom Incentive Application

For custom incentive requests, customers must document the estimated energy (kWh) savings, demand (kW) savings and costs as defined above. The calculations and assumptions supporting the kWh impact estimates and the resulting incentive amount are subject to APS Solutions for Business Team review and approval (including a TRC analysis). The APS Solutions for Business Team will work with customers or their installation contractor or consultant to develop a methodology and to identify the information necessary to support the savings estimate and to verify the savings after installation. However, the customer is required to provide project documentation to support this analysis.

8. Payment Process

The APS Solutions for Business Program incentive will be paid directly to customers, unless the customer indicates a third-party recipient. The customer must indicate the exact name of the designated payee and the appropriate tax identification number on the application. Payments will not be made until the proper

project documentation is submitted to, and reviewed by, the APS Solutions for Business Team. All Final Applications must be fully completed with final documentation. Final Applications also require the signature of the customer and, if applicable, the designated third party recipient of the incentive.

To verify that the customer has paid for the work, invoices submitted for documentation purposes must be indicated as “paid” and itemized with the costs for equipment, labor, supplies, and other costs. The location or business name on the invoice must be consistent with the application information. Only expenses incurred during the term of the program can be reimbursed. Applicants may be asked to provide more detailed information on the equipment location and to aid in the pre and post-inspection process. Power or other operating measurements or monitoring may be required for verification of calculated energy savings prior to approval of incentive payments.

Incentives will be paid within four to six weeks after the APS Solutions for Business Team’s approval of the Final Application.

9. Changes to the Application or Discrepancies after Verification

If the project scope has changed or Final Application funding request differs from the Pre-Notification Application reserved funding amount, the project will be reviewed in light of funding availability. If the funding requested is higher than the funding initially reserved, any reserved funding that is associated with an approved portion of the project will be paid. The additional portion will be reviewed by the APS Solutions for Business Team. If the additional portion is approved and incentive funding is still available, the additional incentive amount will be added to the project total. If there is no incentive funding available or the applicant has otherwise met project caps, the excess incentive requested (or a portion thereof) will be denied. If the Final Application amount is a decrease from the reserved funding, the approved project will be paid at the lower amount.

If there are discrepancies between the Final Application and the APS Solutions for Business Team on-site verification and/or analysis, the customer will receive a letter detailing these differences. This letter provides an opportunity for the customer (or contractor) to dispute the inspection results before the final decision is made. If the APS Solutions for Business staff has not been notified of a dispute, the revised incentive levels will be confirmed, and the check issued.

10. Dispute Resolution

The APS Solutions for Business Team will take every possible step to ensure a high level of satisfaction with all aspects of the program. However, if any problems or concerns should arise, we encourage you to contact the APS Solutions for Business Team immediately at 866-277-5605.

11. Billing Release

The APS Solutions for Business Team keeps all customer information in confidence, unless given permission by the customer. Third parties must acquire written authorization from the customer they are representing to receive billing data from APS or from the APS Solutions for Business Team. The minimum components must be included in the written authorization provided by the customer to release their information to a third party:

- Customer name of record for each customer account
- Customer account number for each property to be released
- Contact name for each customer account

- Contact information for each customer account (include: phone, fax, email)
- Address for each account number
- Meter number
- Signature of customer of record
- Title of customer of record
- Identification of third party to receive the information (Company, title, address)

12. Tax Implications

Incentives are taxable. If you indicate your tax status as “Other” on the incentive application, and your incentive is greater than \$600, the APS Solutions for Business Team may report your incentive as income on IRS Form 1099. If the customer signs over the incentive to a third party (e.g., contractor), then the third party will receive Form 1099 and is responsible for any tax liability. Pinnacle West Capital Corporation, Arizona Public Service Company (APS), and KEMA are not responsible for any taxes that may be imposed on your business as a result of your receipt of this incentive.

13. Definitions

Custom: Custom refers to incentives that are tied to energy savings for a specific project that does not fit under the prescriptive menu. An energy savings analysis is required to receive a custom incentive.

Customer: The decision maker at an organization or firm that receives electric service from APS on an approved retail rate schedule. This is often determined by tax identification number, although other factors may also be considered.

Energy Efficiency Ratio (EER): The EER is a rating used to measure air conditioning efficiency in Btuh per Watt. The rating is typically measured when outside air temperature is 95°F. The higher the rating, the more efficient the equipment.

Final Application: This is the request for payment. Within six months of project completion, the customer must submit a Final Application. The Final Application must include an original signature and all appropriate backup documentation, including detailed invoices.

Incentive: The incentive (rebate) is the amount to be paid to the customer or contractor once the energy efficiency measure(s) have been installed and final project documentation has been approved. Incentive levels are determined based on the project specifications and are detailed on the application forms.

Incremental Cost: Incremental measure cost is the difference between the cost of installing a high efficiency piece of equipment and the alternative lower cost of installing a standard efficient piece of equipment. The APS Solutions for Business Team will use data provided by the customer to determine the incremental measure cost. In some cases the full measure cost will be used, in other cases only a portion of the full measure cost is appropriate. Direct labor costs incurred by the APS customer will not be considered as measure costs for each measure. Pursuant to Arizona Corporation Commission Decision 70637, when calculating incremental measure cost, APS is required to reduce the incremental measure costs by any known monetary incentives offered by other entities (such as tax incentives).

Integrated Part Load Value (IPLV): The IPLV is a calculated efficiency based on measured efficiency levels at 25, 50, 75 and 100 percent load of the cooling equipment. The Air Conditioning and Refrigeration Institute publishes the equation to calculate this rating. The qualifying efficiency values are listed on the application for chillers and will be used to determine the chiller incentive amount.

Large Customer: A customer with maximum aggregated monthly billed demand greater than 100 kW over the most recent 12 months of billing history is considered a large customer for Program purposes.

Major Renovation: Major renovation projects include tenant build-out of a building shell, a building addition, or a change in building use.

Maximum Aggregated Monthly Demand: Maximum aggregated monthly demand is the highest demand for a billing period. This value is available on your bill under the service information section.

New Construction: Projects that qualify under new construction are for new APS accounts (or meters) and major renovations as defined above.

Pre-Notification: Pre-notification is the application process of informing the APS Solutions for Business Team of your project plans for pre-approval based on customer eligibility and project requirements.

Prescriptive: Prescriptive measures are pre-determined and do not require energy-savings analysis to qualify for an incentive.

Retrofit: A retrofit project is when an existing building or system undergoes an efficiency upgrade or controls are added to the equipment.

Small Customer: A customer with maximum aggregated monthly billed demand less than or equal to 100 kW over the most recent 12 months of billing history is defined as a “small” customer for the program and is limited to \$150,000 in incentives per year.

Total Resource Cost (TRC) Test: The TRC is a metric used by the program to assess the cost-effectiveness of proposed energy efficiency expenditure from a societal perspective. The TRC is a benefit-cost test which measures the net costs of a proposed energy efficiency expenditure based on the total costs, including both the participant’s (e.g. cost of equipment and installation) and the utility's costs (e.g. non-incentive costs). The benefits for the TRC are avoided supply costs. The APS Solutions for Business Program requires that all measures that receive a custom incentive are verified to have a TRC that is greater than 1. The APS Solutions for Business Team will calculate the TRC for a proposed project using energy savings and cost information provided by the customer.

14. Contact Information

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