



APS Solutions for Business Program Policies and Procedures

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Arizona Public Service (APS) customers fund the APS Non-residential DSM program (Solutions for Business program) through the Demand Side Management Adjustor Charge (DSMAC), which must be approved by the Arizona Corporation Commission (ACC) annually.

Applying to participate in the Solutions for Business program does not guarantee any specific rebate payment. Payment of rebate funds is contingent upon funding availability and continued approval of this program by the ACC.

APS has hired DNV GL to implement the Solutions for Business program.

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.

This document conveys the rules, policies and procedures that govern program administration and customer participation. It is a companion document to the rebate application forms.

Contact the Program Team



(866) 277-5605; (602) 385-0900



aps.solutionsforbusiness@dnvgl.com



aps.com/businessrebates

1. Solutions for Business Program Overview

The APS Solutions for Business program educates the business community on energy management best practices. It also provides rebates to APS Non-residential customers who:

- Upgrade their facility with energy-efficient/load management equipment
- Build a new energy-efficient facility
- Include energy-efficient/load management options in a major renovation
- Perform design assistance, feasibility studies and retro-commissioning projects

The program does not provide rebates for fuel switching (e.g., from natural gas to electric or electric to natural gas), renewables, onsite generation, natural gas chiller or other natural gas equipment projects.

Project savings (and associated rebate) are calculated based on the site where the work is performed. A site is defined as a customer at a single address having contiguous property. A customer site may be one location of a business with multiple locations, such as a customer with a chain of convenience stores or restaurants.

APS maintains a list of qualified and insured Trade Allies who are trained on the Solutions for Business program requirements and application process. It is recommended that customers work with a Trade Ally to ensure the equipment they select is appropriate for their operations and eligible for rebates. The customer may also self-install equipment. Customers can find a list of active Trade Allies categorized by specialty on the [APS website](#).

APS may recognize customers as program participants in promotional materials after they receive a rebate; however, project details will not be released without prior consent. Customers can opt-out of any recognition by sending a written letter to APS. By providing an email address during the application process, customers are opting-in to receive program updates and other marketing messages regarding energy efficiency and load management.

The program implementer, DNV GL, keeps all customer information in confidence, unless given permission by the customer. Third parties must provide written authorization from their customer to receive billing data. The form and instructions can be found on the [APS website](#).

1.1 Rebate Eligibility Requirements

APS Non-residential customers who contribute to the DSMAC through their monthly energy bill are eligible to receive rebates. Owners of Non-residential buildings in APS service territory who install a qualifying energy efficiency/load management measure that results in lower energy use for the tenant (an APS customer) may qualify for a rebate.

Projects must involve capital improvements that save energy through energy efficiency/load management improvements, and savings must be sustainable for five years. The energy savings from projects must occur on a meter with an eligible rate schedule. If the customer receives a rebate payment and 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 rebate funds to APS.

1.2 Program Funding and Waitlist Process

The APS Solutions for Business program runs on a limited budget each year that is approved by the ACC. At no time are rebate payments guaranteed for any project submitted to the program. Each application that is received will be reviewed for eligibility. While we approve the application, at no time is that an approval or guarantee of a rebate payment.

Rebates will be paid each year until the program's annual budget is fully distributed. A waitlist will be created when the Solutions for Business program receives Pre-Applications and Final Applications that total the annual budget. If funding is not available at the time that your application is approved, you will receive written communication from APS with details on next steps and updates on funding availability.

1.3 Tax Implications

Customers participating in the program are not required to submit a W-9 for tax purposes. However, if a customer agrees to have their rebate paid to a third party (e.g., contractor), they must sign a third-party release form. The customer must indicate the exact name of the designated payee and provide the payee's appropriate federal taxpayer identification number on the application. The program will not accept any personal Social Security numbers. If the third party has a tax status of Partnership (LLC) and the rebate is more than \$600, a W-9 is required before payment of the rebate and the payee will receive a Form 1099 for any tax liability.

Pursuant to ACC decision 73089 when calculating incremental measure cost, APS is required to reduce the incremental measure costs by any known monetary rebates available from other entities (such as tax credits), regardless of whether a customer applies for these rebates. Customers certify the sum of tax credits or any known monetary rebates, and APS rebates shall not exceed 50% or 75% of incremental cost depending on the project type.

Pinnacle West Capital Corporation, APS and DNV GL are not responsible for any taxes that may be imposed on your business as a result of your receipt of a rebate. Please consult your tax advisor if you have questions.

2. Timelines



Projects must be completed and Final Applications received by November 16, 2020 at 5 p.m. to be eligible for rebates under the 2020 program. Final Applications received after the deadline will be subject to ACC-approved rebate rates for the following program year. The APS Solutions for Business program reserves the right to change the year-end deadline at any time and will communicate any changes to program participants.

The APS Solutions for Business program team reviews each application for project eligibility. All equipment must be purchased new and installed prior to submitting the Final Application. Final Applications and all required documentation must be received within six months of project completion in order to be eligible for a rebate.

3. Rebates

The APS Solutions for Business program offers a range of rebates for various types of projects. To see a current list of rebates, review the [APS website](#). For details on individual equipment requirements, review the [specification sheets](#).

3.1 Standard Rebates

These rebates are available to all Non-residential customers for common equipment upgrades such as variable speed drive (VSDs), HVAC and energy management systems (EMS) installed as part of a retrofit, major renovation or new construction project. Customers can choose from an established (Standard) list of qualified upgrades with set rebate levels.

K-12 schools and 501(c)(3) nonprofits are also eligible for Standard rebates toward lighting and refrigeration upgrades.

3.2 Custom Rebates

The APS Solutions for Business program offers Custom rebates for energy efficiency/load management improvements that do not fall under the Standard offering, but have isolated and measurable or verifiable energy or load management savings.

K-12 school and 501(c)(3) nonprofit lighting and refrigeration projects that are not eligible for Standard rebates can be submitted and considered as Custom projects.

Custom projects must pass a benefit-to-cost test, also called a Societal Cost Test (SCT), as defined by the ACC and calculated by the APS Solutions for Business program team using energy savings, industry standards and incremental measure costs provided by the customer.

When submitting an application for a Custom rebate, the customer must document the estimated energy (kWh) savings, demand (kW) savings for both time periods as defined below and project-related costs as defined in this document. The calculations and assumptions supporting the kWh impact estimates and the resulting rebate amount are subject to review and approval (including an SCT). The APS Solutions for Business team will work with the customer or their installation contractor/consultant to develop a methodology, identify the information necessary to support the savings estimate and verify the savings after installation. The customer is required to provide project documentation to support this analysis.

Custom rebates are calculated based on on-peak (first year) kilowatt hours saved, 3:00 p.m. to 8:00 p.m., weekdays, June 1 to September 30. Rebates are based on either (1) documented electrical energy (kWh) reduction or (2) an electrical energy reduction estimate approved by APS. The rebate payment cannot exceed 75% of the project costs, which are defined as the incremental costs associated with implementing the energy-saving/load management measures.

Apply Online

Use the [online application](#) to apply for rebates. Review the [program specification sheets](#) to find more details about the programs, rebates and technical specifications.

Equipment replacement projects must demonstrate that the old equipment has been eliminated from the resale market and disposed of in accordance with federal and local laws.

The Custom Application provides further detail on the specific measure criteria, supporting documentation and savings calculation inputs required for the project to qualify for a rebate. Customers are responsible for presenting 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.

Examples of Custom measures include but are not limited to:

- Industrial process improvements
- Compressed air system improvements
- Central plant optimization
- Building envelope improvements (insulation, high-speed thermal doors, etc.)
- Exterior window film

Ineligible Custom projects include, but are not limited to:

- Measures that qualify for Standard rebates
- Standard measures discontinued in previous program years (lighting, refrigeration, motors, HVAC tune-up, CO & CO₂ sensors, high-efficiency appliances and other previously offered measures)
- Cool roofs
- Renewable projects, fuel switching technologies and customer-owned onsite generation

3.3 Energy Evaluation Rebates

The APS Solutions for Business program offers rebates for four types of energy evaluations services that investigate energy efficiency/load management opportunities in existing facilities or in the design of new buildings:

- Feasibility Studies
- Retro-commissioning
- Design Assistance
- Pump and Blower Testing

Rebates for engineering services aimed at existing facilities include retro-commissioning services and feasibility studies. Firms conducting these studies must produce detailed reporting that includes estimated program rebates, energy savings calculations and documentation. The APS Solutions for Business team will review this documentation and reserves the right to reduce the submitted cost to reflect the rigor of the report. Firms are encouraged to [contact the APS Solutions for Business program team](#) prior to performing the energy evaluations or study to receive guidance and/or templates for the required reporting. Detailed requirements are listed in the application.

3.3.1 Feasibility Studies

Feasibility Studies help customers identify, evaluate and implement energy efficiency opportunities within their existing facility. Typically, these studies are either a comprehensive energy audit or a more focused cost-effective assessment of one or more specific energy savings technology. Studies must include detailed energy analysis, energy and cost calculations, and

estimates on incremental costs of energy efficiency measures. An ASHRAE Level 2 energy audit typically costs \$0.10 to \$0.15 per square foot and varies based on the complexity of the customer's energy needs. 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. Eligible buildings must have at least 25,000 square feet of conditioned floor space. Lighting-only audits do not meet the feasibility study requirements.

The engineering firm conducting the study must produce a written report(s) detailing the study findings and methodology along with supporting documentation and completed program application forms so the customer can pursue further program participation through capital investments.

Facilities are eligible for one feasibility study rebate every five years. Rebates for feasibility studies are paid in two phases: Discovery Phase and Implementation Phase. Rebates are capped at 50% of the study cost up to \$2,500 per phase per facility.

The Discovery Phase consists of performing detailed engineering analysis that investigates the economics and technical feasibility of one or more energy efficiency/load management investment options. The report must include a brief description of each proposed measure including:

- Study cost per task
- Existing systems or base case and proposed system
- Proposed methodology for analysis
- Estimated potential energy savings and costs to implement
- Estimated schedule to complete each task

The Discovery Phase rebate is capped at \$2,500 regardless of total study cost.

The Implementation Phase is complete when Final Applications for qualifying measures identified during the Discovery Phase are received.

The Implementation Phase rebate is capped at \$2,500 regardless of total study costs. Rebates for implemented measures will be paid according to Standard and Custom guidelines.

3.3.2 Retro-commissioning

Retro-commissioning is considered one of the most cost-effective ways to improve energy efficiency in existing buildings. The Retro-commissioning process evaluates the operational and maintenance aspects of complex HVAC and lighting control systems. The goal is to develop and implement strategies to optimize the systems' energy efficiency. Typical tasks include identifying and implementing relatively low-cost, no-cost operational changes that save energy and improve performance. These opportunities are documented in a Retro-commissioning report.

To be eligible for a Retro-commissioning rebate, the customer's facility must have at least 25,000 square feet of conditioned floor space and use a chiller. It is strongly recommended that these facilities utilize a central building automation system.

The Retro-commissioning rebates are calculated based on on-peak (first year) kilowatt hours saved, 3:00 p.m. to 8:00 p.m., weekdays, June 1 to September 30. The Retro-commissioning rebate will be calculated as the lesser of kWh saved 75% of Retro-commissioning costs or \$100,000. Energy savings resulting from capital hardware investment can be considered as Standard and/or Custom measures and are not subject to the Retro-commissioning incentive cap.

If no savings are achieved during the Retro-commissioning study, the project will be treated as a Feasibility Study.

Retro-commissioning services consist of three phases:

1. Phase One requires the applicant to establish an energy usage baseline by benchmarking the facility using the ENERGY STAR® Portfolio Manager or similar tool. There is a \$250 rebate available for benchmarking.
2. Phase Two requires an engineering firm to perform pre-defined retro-commissioning services and produce a written report documenting an assessment of the existing energy systems along with recommended actions for system optimization.
3. Phase Three requires that low-cost, no-cost calibrations and repairs be implemented as part of the retro-commissioning process and that their savings impact be quantified and documented.

3.3.3 Design Assistance

Design Assistance offsets 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:

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

3.3.4 Pump and Blower Testing

Rebates are available to conduct performance testing of pump and blower systems to determine equipment efficiencies, and investigate economics and technical feasibility of energy savings opportunities. Eligible equipment must work at 15 horsepower or more, and operate a minimum of 3,000 hours annually. Rebates are paid at 50% of testing activities up to \$10,000 per site.

Equipment is eligible for a testing rebate every five years.

- Testing/measurement report requirements:
 - APS account number electrical input: amperage, voltage, power factor, kW
 - Equipment output: suction pressure (or lift), discharge pressure, total dynamic pressure, capacity (gpm or cfm), speed (RPM)
- Analysis requirements:
 - Overall plant efficiency (wire-to-water or wire-to-air)
 - Annual production (acre-feet, gallons, or cubic feet)
 - Annual operating hours

- Annual energy savings calculations
- Economic analysis, ROI

3.4 Whole Building Rebates

The APS Solutions for Business program offers Whole Building rebates to encourage building owners/developers to plan and construct highly efficient buildings. Building owners/developers can apply for a Design Assistance rebate ([see Energy Evaluation Section 3.3](#)) to offset the cost of performance modeling and the Whole Building Construction rebate to offset the cost of constructing a higher-performing building.

Whole Building applications will be subject to the rebates that are in effect at the time of occupancy and the Final Application is received.

Simulation modeling software, such as eQUEST, EnergyPlus™, HAP or TRACE, must be utilized. Other software products with hour-by-hour, multizone output capabilities may be accepted with prior approval by the APS Solutions for Business program team. Detailed specifications can be found in the Whole Building rebate application. [Contact the program team for the application.](#) The Whole Building Construction rebate is not available to projects that are designed but not built. These projects may still qualify for a Design Assistance rebate.

3.4.1 Whole Building Construction Rebate

The Whole Building Construction rebate is based on annual kWh saved for buildings designed and constructed to perform at least 10% more efficiently than the baseline standard of ASHRAE 90.1, 2010.

The rebate is calculated based on on-peak (first year) kilowatt hours saved, 3:00 p.m. to 8:00 p.m., weekdays, June 1 to September 30.

To qualify for the Whole Building Construction portion of the rebate, the building must be occupied and the owner/developer must submit a Project Notification Form and a Final Application with performance modeling results that demonstrate 10% or better than baseline.

Eligibility requirements for Whole Building rebate:

- The proposed new building project must receive qualifying Non-residential retail electric service from APS. The building owner/developer (or its designated, authorized agent) must apply for the rebate.
- The project must be new construction, where all energy-consuming systems are being designed simultaneously, or a major renovation involving the removal and redesign of at least two building systems such as building envelope elements and mechanical systems.
- All rebates paid on a project are counted against the annual customer cap as stated in this document.

3.5 Energy Information Services (EIS)

EIS provides customers access to 15-minute interval data so they can better understand and analyze their energy use. In order to qualify, a customer must have a monthly minimum billed

demand of 100 kW. This service is free for the first year, not to exceed \$12,000 per customer. After the first year, you can continue the service for \$20 per month, per AMI meter.

4. Caps

Two types of caps apply to the APS Solutions for Business program: Annual customer rebate caps and project rebate caps.



4.1 Annual Customer Rebate Caps

Annual rebate caps differ by customer size. For the APS Solutions for Business program, APS defines the customer as the energy-use decision maker at an organization or firm that receives electric service from APS on an approved Non-residential retail rate schedule, although other factors may also be considered. For example, a parent organization may have subsidiaries (or departments) in which each subsidiary has their own energy-use decision maker who is responsible for their own capital budgets (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. Government entities are a frequent example for this exception as they often have separate capital budgets and decision makers.

4.1.1 Monthly Demand of 100 kW or Less (Small Business Customer)

Customers with a monthly maximum billed demand of 100 kW or less are eligible to receive rebates up to \$150,000, plus 50% of the eligible rebate amount above the \$150,000 annual cap each year.

4.1.2 Monthly Demand Greater Than 100 kW (Large Existing or New Construction Customer)

Customers with a monthly maximum billed demand greater than 100 kW are eligible to receive rebates up to \$500,000, plus 50% of the eligible rebate amount above the \$500,000 annual cap each year. The \$12,000 toward EIS does not count toward the \$500,000.

4.1.3 Schools

K-12 school districts and charter school organizations in APS service territory are eligible for an additional \$100,000 in rebates each year.

- School districts and charter school organizations with 100 kW or less monthly maximum billed demand can receive the following each year:
 - \$250,000 annually (\$100,000 and \$150,000 as a small business customer), plus 50% of the eligible rebate amount above the \$250,000 annual cap
- School districts and charter school organizations with greater than 100 kW monthly maximum billed demand can receive the following each year:
 - \$600,000 annually (\$100,000 and \$500,000 as a large existing or new construction customer), plus 50% of the eligible rebate amount above the \$600,000 annual cap
 - \$12,000 toward EIS (does not count toward the \$600,000)

4.2 Project Rebate Caps



The rebates paid on individual projects are capped at a percentage of the incremental project cost. Incremental cost may either be the full project cost (for retrofit projects and energy evaluations) or the cost difference between a standard and premium-efficiency piece of equipment (for replacement on burnout situations). The APS Solutions for Business program team will use data provided by the customer along with typical industry base costs to determine incremental measure cost.

Rebate Type	Rebate Cap
Standard Retrofit	75% of incremental project cost
Standard New Construction	75% of incremental project cost
Custom Retrofit	75% of incremental project cost
Custom New Construction	75% of incremental project cost
Energy Evaluations	50% of study cost up to \$5,000 75% for retro-commissioning up to \$100,000
Pump and Blower Testing	50% of testing cost up to \$10,000
EIS	Up to \$12,000

5. Application and Payment Process

APS has designed the process of applying for a program rebate to be simple and involve as few steps as possible. Submitted applications should be complete and accurate to ensure a timely review process. APS reserves the right to reject applications that are inaccurate or incomplete.

The APS Solutions for Business program team is available to assist all APS Non-residential customers and Trade Allies during normal business hours of 8 a.m. to 5 p.m., Monday – Friday to assist with the application submittal process. All customer information will be held in confidence.

APS will, at its discretion, determine which program calendar year to distribute a project’s rebate. Rebate funds will be distributed based upon availability of rebate funds and project completion date or when the Final Application is approved for payment.

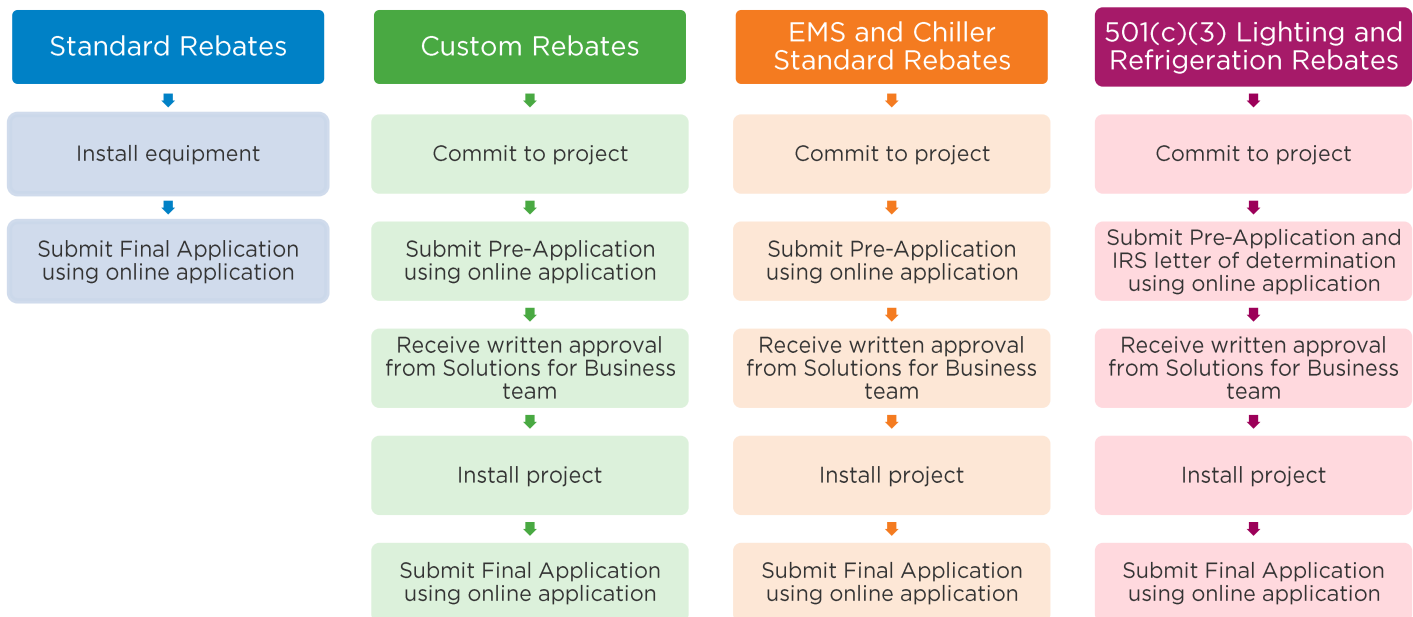
Apply Online

Apply for rebates using our [online application](#).

Submitting an application to participate in the APS Solutions for Business program does not guarantee a specific rebate payment. Any payment of rebate funds is contingent upon funding availability and continued approval of the program by the ACC.

5.1 Application Process and Guidelines

When applying for Standard application rebates, customers should submit a Final Application after equipment is installed or study is completed. Pre-Applications are required for all New Construction Design, EMS, chiller and Custom projects. 501(c)(3) nonprofit customers are also required to submit a Pre-Application for lighting and refrigeration projects, along with their IRS letter of determination.



5.1.1 Final Applications

Final Applications must be submitted within six months of project completion and include all required supporting documentation to be eligible. The project completion date is determined by the date the equipment becomes operational or the study is completed.

Supporting documentation should include detailed invoices that specify:

- Specific equipment and purchases
- Services provided
- Other costs
- Location or business name consistent with information on the rebate application
- Sufficient detail 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 rebate payment directly, submitted invoices must include the full cost of the measures rather than the portion of the project cost that the customer will pay.

APS reserves the right to request additional supporting documentation with the Final Application as deemed necessary to ensure measure eligibility and to verify that the expected energy savings will occur.

Documentation

Examples of all documentation required for rebate applications are available within the [online application](#).

5.1.2 Final Application Review

The APS Solutions for Business team will review all applications and final project documentation for eligibility and completeness.

Application review will not begin until APS receives a complete application and determines that the project meets the program eligibility requirements.

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
- Accuracy of project documentation
- Equipment/system performance

This process may include pre-installation and/or post-installation inspection, detailed lighting layout descriptions, metering, data collection, interviews and utility bill data analyses. Final paid rebate may change based on the findings. Customers who participate in the Solutions for Business program must allow access to records and installation sites for three years after issuance of a rebate payment.

5.2 Payment Process

The APS Solutions for Business program rebate will be paid directly to the customer, unless the customer indicates a third-party recipient. The customer must provide the name of the third-party and the appropriate federal taxpayer identification number on the application. The program will not accept any personal Social Security numbers. Final Applications are not considered complete

without the required documentation and customer signature. Rebates will be paid once the final application is approved by the APS Solutions for Business team and funding is available.

Property management companies applying for rebates on behalf of the APS customer must contact the APS Solutions for Business program team to determine if additional documentation is needed to apply (third-party letter).

Pre-Applications are required for Custom, Chiller and EMS projects so that energy savings can be evaluated. 501(c)(3) nonprofits are also required to submit a Pre-Application along with their IRS letter of determination. Pre-Applications do not reserve rebate funds.

Any payment of rebate funds is contingent upon funding availability and continued approval of this program by the ACC.

5.3 Changes to Application or Discrepancies After Verification

In instances where the Final Application measures differ from the Pre-Application measures or discrepancies exist between the Final Application and the APS Solutions for Business team on-site verification and/or analysis, the on-site verification and/or analysis shall take precedent. APS makes no representations and provides no warranty or guarantee with respect to design, manufacture, construction, safety performance or effectiveness of newly installed equipment and the installing contractor, including any warranties of merchantability or fitness and including contractors listed on the program's Trade Ally list. Any and all environmental credits generated by the projects described in rebate applications will be retained by APS.

Applications will be subject to the rebates that are in effect at the time of project completion and the Final Application is received.

6. Additional Information

Questions regarding the program policies, procedures and/or equipment eligibility should be directed to the program implementer, DNV GL, at aps.solutionsforbusiness@dnvgl.com or (866) 277-5605.

Information on the program can also be found at aps.com/businessrebates.