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**UniSource Energy Services**

**Commercial Energy Solutions**

**2022 Program**

**Policies and Procedures**

The UES Commercial Energy Solutions program is administered by DNV Energy Services (DNV) on behalf of UniSource Energy Services. This program is funded by UES electric customers as approved by the Arizona Corporation Commission. The program is designed to provide comprehensive energy efficiency upgrades to commercial businesses and K-12 schools.

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1. **Program Overview**

The Commercial Energy Solutions program is open to existing facilities of non-residential customers, including all existing K-12 school facilities within the UES electric service territory who are receiving service under UES’ non-residential pricing plans. School facilities include charter, private and public schools.

This Policies and Procedures Manual is intended to convey the rules, policies and procedures that govern program administration and customer participation. It is a companion document to the Application Forms and program information available on the UES Commercial Energy Solutions Program website:

[uescommercialenergysolutions.com](http://www.uescommercialenergysolutions.com).

* 1. **Incentives**

Prescriptive incentives are available for energy efficient equipment upgrades and replacements such as lighting, HVAC (heating, ventilation, and air-conditioning), refrigeration and motors, food service and miscellaneous equipment. Incentives are paid based on the quantity, size and efficiency of the installed equipment. The rebate amount is $0.10/kWh and is capped at 75 percent of the incremental measure costs.

*Please note that custom incentives are not included in the scope of the UES Commercial Energy Solutions EasySave program. Custom measures may be eligible under the EasySave Custom application. Please visit the program website uescommercialenergysolutions.com for more information.*

Program staff will be available during regular business hours of 8 a.m.-5 p.m. to answer questions regarding the Commercial Energy Solutions program and other UES commercial rebate options.

If the project scope changes or the Project Completion Form incentive amount differs from the Participation Agreement incentive amount, the project will be reviewed considering funding availability.

If the funding requested is higher than the funding initially reserved, any reserved funding associated with an approved portion of the project will be paid. The additional portion will be reviewed by the UES Commercial Energy Solutions team. If the additional portion is approved, rebate funding is available and program funding limits have not been met, the additional incentive amount not to exceed *10 percent above the reserved funding amount* will be added to the project total. Eligible rebate funds that exceed 10 percent above the reserved funding amount will be subject to program management review and approval. Approval of funds is not guaranteed.

If no rebate funding is available or the project has met the funding limits, the excess incentive requested will be denied. If the project completion form amount is lower than the reserved funding amount, the approved project will be paid at the lower amount.

* 1. **Customer Caps**

Each customer can receive up to $87,500 in rebates per year for each year that the program is in effect. The annual period corresponds to the calendar year. All incentives paid through the Commercial Energy Solutions program will be applied toward the customer incentive cap. The program team can assist customers in determining eligibility and risk of exceeding their annual customer cap.

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

**2. Contact Information**

Mailing Address: UniSource Energy Services

 Attn: UES Commercial Energy Solutions

88 E. Broadway Blvd.

Mailstop HQE504

P.O. Box 711

Tucson, AZ 85702

Program Hotline: 866-324-5506

 Email Address: ces@uesaz.com

 Website: [uescommercialenergysolutions.com](http://www.uescommercialenergysolutions.com)

**3. What are the Program Benefits?**

* A complimentary facility assessment is conducted by a Commercial Energy Solutions program-approved contractor (Trade Ally) to identify potential energy saving equipment opportunities.
* A detailed proposal that includes a list of recommendations and estimates of energy savings, project costs, payback period and the potential rebate amount through the Commercial Energy Solutions program is provided to the customer.
* Approved energy-saving equipment is installed by a program-approved contractor. Pre- and post-installation inspections may be conducted to verify energy savings. Verifications may be done upon request from the customer.

The program offers rebates that provide the customer with cost reductions on a comprehensive range of lighting and refrigeration measures, such as upgrades from fluorescent tubes, anti-sweat door heater controls, evaporator fan replacement motors and cooler control systems. In addition, the program offers rebates to pay a portion of the incremental cost of upgrading to higher efficiency HVAC equipment.

A complimentary energy assessment will be conducted to identify potential energy-saving equipment options and to determine the portion of the project costs that would be paid by the program. Only program-approved contractors participating in the program are available to install the equipment.

UES and DNV do not sell or install any kind of measures directly, but do provide approved contractors and customers with additional services and funding for projects.

**4. Program Process Overview**

Program-approved contractors contact program participants who are interested in participating in the Commercial Energy Solutions program. Program-approved contractors have signed a Contractor Application and Agreement and have attended a program seminar to become a program-approved contractor (Trade Ally). Most of the program documentation is provided through web-based proposal generation software accessible only to program-approved contractors. Non-approved contractors are restricted from use of this software.

The program includes seven steps for each proposal:

1. A complimentary facility assessment is conducted by a Trade Ally and a Participation Agreement is presented to the customer.
2. A Participation Agreement is signed by the customer, Trade Ally and DNV.
3. Customer eligibility is confirmed by DNV.
4. If required, a pre-installation inspection for the scope of work described in the participation agreement is completed.
5. Installation begins and a project completion form is submitted once the installation is complete.
6. Post-installation inspection is completed.
7. A Payment Notification Form is sent to the Trade Ally and the customer.
8. Incentive is paid to the Trade Ally and the customer pays the program-approved contractor the amount specified on the Payment Notification Form.

**4.1. No Assignment or Subcontracting**

The Trade Ally will not assign, transfer, delegate or subcontract to another party any portion of this agreement, the assigned Commercial Energy Solutions portal logon credentials or any work to be performed. Subcontracting includes hiring contract employees, independent contractors and day or seasonal laborers or using any other labor relationships in which W-2 wages are not received from the Trade Ally. Only the Trade Ally and its employees who receive W-2 wages from the Trade Ally may represent themselves as participating in the UES Commercial Energy Solutions program.

**4.2. Walk-away Policy**

Trade Allies must walk away from proposals for projects at facilities with any of the following issues:

* Proposed technologies will not result in energy savings
* Existing equipment is damaged and will render proposed technologies inefficient
* Retrofit incentives have already been granted for the same measure
* Fails to meet Commercial Energy Solutions program eligibility requirements
* Presence of asbestos
* Safety violations
* Code violations

**5. Effective Dates for the Program**

The UES Commercial Energy Solutions program begins on January 1, 2022. Project work completed prior to this date is ineligible for any incentives. Available funds for this program are limited and it is possible that all program funds will be committed before the end of the year.

Projects must be installed and the project completion form submitted within 45 business days of the change order received date, upon passing pre-inspection or an executed Participation Agreement (in the event there is no pre-inspection), whichever is first. DNV will notify all parties of the approved Participation Agreement via email and will include a copy of the executed Agreement.

DNV may cancel projects that do not meet these deadlines. DNV may grant an extension of an additional 45 business days to the project deadline date upon submission of a written request, if the new deadline date is before December 1 of the program year.

**6. Program Eligibility**

The intent of this program is to encourage businesses to install energy efficient equipment. Eligible customers of UES must be on non-residential electric pricing plans. All K-12 schools on commercial electric pricing plans are also eligible.

For a project to be eligible, UES Electric non-residential customers and K-12 schools must replace equipment installed in existing facilities with more energy efficient equipment.

The customer cannot apply for or receive incentives for the same product, equipment, or service from more than one utility or incentive program.

Common areas of multifamily or mixed-use buildings are not eligible for incentives through this program. The customer cannot apply for or receive incentives for the same product, equipment or service from more than one utility or incentive program.

**7. Customer Disclosure Obligation**

“Arizona consumers are not obligated to purchase any full fee service or other service not funded by this Program. This Program is funded by UES electric utility ratepayers under the auspices of the Arizona Corporation Commission (ACC).”

This disclosure statement is included on each Participation Agreement, which the customer must initialize.

**8. Hazardous Waste Materials**

Trade Allies assume full responsibility for the appropriate disposal of all ballast, fluorescent tubes and other waste material (whether hazardous or not) in compliance with the laws and regulations of the State of Arizona and the prevailing local jurisdiction. The Trade Ally shall properly complete the Hazardous Waste Materials Manifest affirming that all decommissioned ballasts, fluorescent tubes and other hazardous wastes were removed from the customer site. Contractor shall provide DNV with full documentation of all hazardous waste material disposals on request.

**9. Program Process**

The eight steps of this program outlined in Section 4 are described in detail below, along with the responsibilities of the DNV Commercial Energy Solutions program team, Trade Ally and the participating customer.

A customer may choose to contact the UES Commercial Energy Solutions program team to cancel a proposal at any time prior to the installation. Contractors may not penalize a customer in any way for cancelling a proposal prior to installation.

 *Step 1- Program Overview and Facility Assessment*

* The Trade Ally visits the customer and proposes an implementation package that meets the needs of the customer and program eligibility requirements.

 *Step 2 - Project Proposal and Participation Agreement*

* The Trade Ally prepares the Participation Agreement using the Commercial Energy Solutions program software.
* Approval of proposed measures is automatic if the measures and costs are standard.
* DNV and UES review and approve non-standard measures as necessary.
* Within 30 calendar days, the customer reviews and signs the Participation Agreement if they wish to participate.
* The Trade Ally will submit the Participation Agreement to DNV.

*Step 3 - Customer Eligibility Confirmation*

* DNV confirms customer eligibility through customer-provided utility bills or an eligible customer list from UES. If the customer is ineligible, the proposal is cancelled.
* DNV executes the Participation Agreement and notifies the Trade Ally and customer via email within 3 business days of receipt of the agreement from the Trade Ally.

*Step 4 - Pre-Installation Inspection*

* DNV may conduct a pre-installation inspection within 10 business days of receipt of the Participation Agreement to ensure that all proposed measures are feasible and appropriate and to verify existing equipment. The inspector will arrange a time and date for the pre-installation inspection.
* The customer will need to provide access to the facility.
* With a passing pre-installation inspection, project installation can begin immediately.
* With a failing pre-installation inspection, the Trade Ally will be notified by email from the inspector. Depending on the discrepancies found, a modified Participation Agreement and/or Change Order may be required and must be signed by applicable parties.
	+ The Trade Ally has 10 business days to correct any discrepancies. After 10 business days, the project in full or in part may be rejected or cancelled.

*Step 5 - Measure Installation and Project Completion Form*

* The Trade Ally works with the customer to schedule the installation.
* The Trade Ally performs the installation within 45 business days of passed pre-inspection or change order re-submission if required, whichever is most recent.
* Upon completion of the installation, the Trade Ally and customer will complete and sign the Project Completion Form within 15 business days and submit it to DNV via email.

*Step 6 - Post-Installation Inspection*

* The DNV inspector schedules the post-inspection and notifies all parties.
* The customer provides access to the facility for the post-inspection.
* DNV conducts a post-installation inspection to verify that all measures were correctly installed within 10 business days of inspection assignment.
* DNV notifies the Trade Ally by email from the inspector if any discrepancies are found.
	+ The Trade Ally has 10 business days to correct any discrepancies. After 10 business days, part of the proposal or the entire proposal may be rejected or cancelled.

*Step 7 - Final Approval Process*

* *With a passing pre-installation inspection*, the incentive payment is processed.
	+ DNV notifies the customer and the Trade Ally by email that the proposal passed inspection via the Payment Notification Form.
* *If the post-installation inspection fails or no post-inspection is conducted*, the Trade Ally and customer have 10 business days from email receipt of the Payment Notification Form to contest the project details and submit corrections.

*Step 8 - Final Payment*

* Once the proposal is approved for payment or 10 business days have passed, DNV requests that a check be issued to the Trade Ally for the eligible incentive.
* The Trade Ally receives the check within 4-6 weeks after the payment notification period.
* The Trade Ally invoices the customer for the balance of the project cost as indicated on the final payment notification form. The project proposal obligates the participating customer to pay the contractor for the residual amount of the project costs not covered by the rebate, as noted on the Payment Notification Form.

**10. Rebate Payment Process**

The amount of the rebate is based on the type of retrofit. The participation agreement will list the cost and energy savings by measure and will clearly identify the portion of the total project cost that will be paid by the program and the amount to be paid by the customer.

The rebate amount is $0.10/kWh, capped at 75 percent of the incremental measure costs. Incremental measure cost is the difference between the cost of installing a high-efficiency piece of equipment and the lower cost of installing a standard-efficiency piece of equipment. The Commercial Energy Solutions program team will determine the incremental measure cost. In some cases, the full measure cost will be used, while in other cases only a portion of the full measure cost is appropriate.

DNV reserves the right to cancel or reduce the rebate payment if the program rules are not followed or if work completed by contractor is materially different than what was contained on the change order or Participation Agreement.

Arizona Corporation Commission Decision 70457 requires that UES consider federal, state and local tax incentives when calculating rebates. The rebate amount will be reduced by these tax incentives prior to applying the 75 percent cap.

Since the potential value of tax incentives for businesses depends many different variables, UES cannot assess tax benefits for any businesses. UES requires that each applicant indicate their intent to file for tax incentives in addition to the value of those tax incentives.

Once DNV completes the post-installation inspection and any discrepancies have been resolved, the final Payment Notification Form is sent to the customer and contractor. If a project fails post-inspection or no post-inspection is performed, the approved contractor and customer have 10 business days after the date of the payment notification to review the payment notification form and contest the findings in writing to DNV. The 10-business day period is waived for projects passing the post-inspection. Once the payment notification period is completed, rebate payments are processed within six (6) weeks of this date.

**11. EasySave Custom**

Custom measures are defined as innovative energy efficient solutions not included in the list of qualified prescriptive measures available in the EasySave program software, applicants who are not using a Trade Ally or are self-installing energy efficient equipment. Custom measures must have isolated and measurable or verifiable energy savings. Projects replacing inefficient equipment with more efficient equipment must demonstrate that the old equipment has been eliminated from the resale market. All custom measures must pass a Societal Cost Test (SCT), as defined and calculated by DNV, using energy savings and incremental measure costs provided by the contractor. EasySave Custom application documents are located on the program website [uescommercialenergysolutions.com](http://www.uescommercialenergysolutions.com).

Custom lighting measures may be submitted on the Custom Lighting Worksheet and non-lighting measures may be submitted on the General Custom Worksheet. Both are available on the program website uescommercialenergysolutions.com

Prior to beginning any installation, the applicant must submit an EasySave Custom application packet for pre-review and reservation of funds. The applicant must submit the following documents via email to ces@uesaz.com:

1. A completed and signed EasySave Custom PDF application
2. Completed worksheet(s)
3. Specification sheets for all new equipment
4. Room count for lighting measures

The application and worksheet are available on the program website uescommercialenergysolutions.com. Please note that additional documentation may be requested.

Once the application is approved and funds reserved, a reservation notice will be sent to the applicant via email. Reserved funds are not guaranteed. Installation may begin once the reservation letter is received. Reservations expire 90 days from pre-application approval, or 120 days with an approved 30-day extension. Extension requests must be submitted to the program team in writing via email to ces@uesaz.com. If an applicant requires greater than 30 days extension, the request must be submitted in writing for review and approval. Extension requests may be submitted but approval is not guaranteed.

Once the installation is complete, the applicant must submit a signed EasySave Custom final application and a final, itemized invoice in order to process the qualifying incentive payment. If there were any changes to the scope during the installation, all changes should be noted, and updated documentation submitted where appropriate. The final application packet must be submitted within 60 days of project completion, by the reservation end date or by the program end date, whichever is earlier.

Custom rebates are calculated using $0.10 per estimated first year kWh hour saved. Actual rebate payments are based on either (1) documented electrical energy kWh reduction or (2) an electrical energy reduction estimate approved by DNV. Final incentive amounts will not exceed 10 percent above the reserved amount unless approved by the program management team, program funding is available and applicable customer and program caps have not been met.

Under no circumstances will the rebate payment exceed 75 percent of the energy efficiency-related total cost of the approved application.

**12. Commitment to Rebate Funds**

*Requests for rebates are processed on a first-come, first-served basis until program funding is depleted; therefore, incentive funds are not guaranteed.* The allocation of program-approved funding is determined by UES. Original signatures from the customer, and third-party payee if applicable, are required on the Participation Agreement or EasySave Custom application before incentive funds will processed for payment.

Funds that have been approved are not transferable to other projects and/or customers. It is the Trade Ally’s or customer’s responsibility to contact program staff if a project is delayed or cancelled or if there are scope changes that will impact the qualifying incentive amount.

**13. Customer Co-Pay**

The Trade Ally shall disclose any customer co-payment obligations in writing to participating customers. The Trade Ally is solely responsible for collecting payments not covered by the Commercial Energy Solutions rebate payment from the participating business. DNV and UES have no obligation to compensate the Trade Ally for nonpayment by the participating customer. The Trade Ally has the right to refuse to perform the installation if there are concerns about the customer’s creditworthiness.

The Trade Ally and the participating customer may also establish their own mutually agreeable payment terms if the standard payment terms of the program (full payment upon completion of work) are not satisfactory. In no case may the Trade Ally charge the customer a co-payment that is higher than the co-payment amount specified in the Payment Notification Form for services specified on that form.

**14. Dispute Resolution**

UES, DNV and our Trade Allies are committed to ensuring a high level of customer satisfaction with all aspects this program. Should any problems or concerns arise, customers are asked to contact DNV immediately at 866-324-5506. If the concern or dispute is not resolved, the dispute will be forwarded to DNV’s operations manager. If the dispute still cannot be resolved, DNV will escalate the case to the UES program manager for assistance.

**15. Trade Ally Removal**

Contractors operating as a Trade Ally under the UES Commercial Energy Solutions program are required to follow program rules as outlined in the program policies and procedures and the Trade Ally Agreement. Trade Allies and contractors who fail to adhere to program rules or are suspected of fraudulent activity may be disqualified and ineligible for participation in the program at UES sole discretion.

**16. 1099 Filing and Reporting**

The incentive rebates offered through the Commercial Energy Solutions program will have tax implications for contractors and possibly participating customers. Participating customers are encouraged to consult their tax professional.

**17. Equipment Specifications and Installation Standards**

Eligible measures are listed on the website [uescommercialenergysolutions.com](http://www.tepcommercialenergysolutions.com) and are subject to change. Rebates cap at 75% of incremental measure cost.

**18. Warranties**

Participating approved contractors will honor the following warranties:

• 2 years on labor

• Manufacturer's warranty on equipment installed as follows:

- 1 year - Compact fluorescent lamps and adaptors

- 1 year - HVAC measures

- 1 year - Occupancy sensors and photocells

- 2 years - Refrigeration measures

- 3 years - Fluorescent tube lamps

- 3 years - LED lighting

- 5 years - Electronic ballasts

- 10 years - Exit signs

- 10 years - Reflectors

**19. Limitation of Liability**

Participating Trade Allies must agree to carry, or cause to be carried, at all times during the course of the program, insurance applying to all work undertaken by approved contractor, approved contractor agents, employees, and any person(s) for whom the approved contractor may be liable including, but not limited to, the following:

Worker’s Compensation Insurance including Employer’s Liability:

* A minimum of $1,000,000

Comprehensive General Liability Insurance

* Combined bodily injury and property damage limits of at least $1,000,000 each occurrence or in the aggregate
* Coverage shall include Premises-Operations, Contractual, Broad Form Property Damage, Independent Approved contractors, Personal Injury and Products/Completed Operations coverage
* Insurance will remain in force for a period of at least two years after final acceptance of the work by DNV

Automobile Liability:

* Coverage shall include owned, non-owned, and hired automobiles with combined bodily injury and property damage limits of at least $1,000,000 per occurrence

DNV is receiving funds from UES to implement the Commercial Energy Solutions program, but parties agree that UES is not liable to either party for any losses or damages, including incidental or consequential damages, arising from any participation agreement. Furthermore, UES makes no representation or warranty, and assumes no liability with respect to quality, safety, performance, or other aspect of any design, system, or appliance installed pursuant to any participation agreement, and expressly disclaims any such representation, warranty, or liability.

BOTH PARTIES (CUSTOMER and DNV) AGREE:

Incidental and Consequential Damages: NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES.

**Appendix A: Commercial Energy Solutions Program Forms Definitions**

This Appendix describes the forms for customers and Trade Allies for the Commercial Energy Solutions program. The forms are available via a secure website that requires a login name and password. This Appendix will be updated as necessary as new forms are created or forms are modified.

Approved Contractor Application and Agreement

Outlines the obligations and commitments between DNV and the approved contractor

Participation Agreement

Contract outlining measures to be installed, explaining liability and warranties, and listing project costs and incentives. Signed by approved contractor, customer and DNV.

Pre-Installation Inspection Form

Form used by DNV inspector to ensure the measures proposed by the approved contractor are appropriate and feasible for the customer’s facility and to verify the accuracy of the participation agreement.

Change Order

Document submitted by approved contractor to acknowledge and accept changes made to the project by DNV inspector, as a result of the pre-installation inspection. This document is not required if the DNV inspector does not make any changes to the project, i.e. passes the pre-installation inspection or an inspection is waived.

Project Completion Form

Form signed by approved contractor (Trade Ally) and the customer to confirm the work is complete. Project modifications may be entered on this form. The Trade Ally returns the completed and signed form to DNV.

Post-Installation Inspection

Form used by DNV inspector to ensure the measures proposed by the Trade Ally were installed per the participation agreement or the project completion form, that all equipment is in working order and that the customer is satisfied with the project.

Payment Notification Form

Form used to notify the customer and approved contractor that DNV will be issuing a payment to the approved contractor for the work done. If a project fails the post-installation inspection, the approved contractor and customer have 10 business days after the date on the payment notification form to contest the project completion details.

**Appendix B: Commercial Energy Solutions Program Flow Chart**





