



Business Energy Efficiency Programs

POLICIES & PROCEDURES

New Construction and Retrofit Rebate



Updated: October 2018

This document conveys the rules, policies and procedures that govern the PNM New Construction and Retrofit Rebates Program (program) administration and customer participation. It is a companion document to the Incentive Application forms. PNM has hired DNV GL to implement the program.

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1. Program Overview

The PNM New Construction and Retrofit Rebates program offers incentives to commercial and industrial customers for energy efficiency improvements in new construction and existing buildings.

- Prescriptive Incentives are available for common equipment upgrades including lighting, cooling, refrigeration and motors for retrofit, major renovation or new construction projects.
- Custom Incentives are available for retrofit, major renovation and new construction energy saving measures not included in the list of qualified prescriptive measures.

Energy efficiency program appointments and rebates are on a first come, first served, basis and are for a limited-time only. Once program reaches its maximum capacity this year, the program will resume the next calendar year. Funding for energy efficiency rebates for business customers comes from the Electric Energy Efficiency line item on your commercial PNM energy bill.

Application forms are available on the pnm.com and PNMEnergyEfficiency.com websites.

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

2. Program Marketing

PNM reserves the right to associate with your business and include your participation in the incentive program for

promotion and advertising. By participating in the Business Energy Efficiency Programs, contractors and customers agree to be contacted by PNM and/or its representatives to participate in the promotion of the program, including but not limited to: advertising, case studies, testimonials and other marketing materials deemed appropriate by PNM. In addition, the following rules and conditions apply concerning the co-branding of any marketing materials:

- The PNM logo may NOT be used in any materials by any customer, contractor, Authorized Contractor.
- Only Authorized Contractors may use the following explicit language in their materials: "PNM Authorized Contractor."
- Marketing and other collateral materials created by PNM and/or its representatives may NOT be co-branded with any company name and/or logo or other graphic and/or textual representation of a customer, contractor, Authorized Contractor business and/or representative of that business.
- Customer, contractors, Authorized Contractor websites MAY provide a link to the Business Energy Efficiency Programs website.

These conditions can only be altered or revised with the express consent of PNM and/or its designated representative.

3. Customer Eligibility

The energy savings from installed measures must occur on a meter with an eligible rate schedule. Most non-residential rate schedules are eligible. Master metered non-residential rate schedules within multifamily facilities are eligible. Individually metered residential rate schedules are not eligible to participate on their own. However, multi-family facilities are eligible to participate in the New Construction program. A qualifying multifamily facility consists of a single commercial property containing three (3) stories or more. See below:

- 2A, 2B, 3B, 3C, 4B, 5B
- Water and Sewage Pumping 11B
- Large Service for Public Universities
- **New construction residential only** (may include common spaces - ie. gym, community room, management office, etc.)
- Existing multifamily projects without a commercial use component must go through the PNM Multifamily Energy Efficiency Program
- New construction multifamily projects over 4 stories or with dedicated commercial components may qualify for the PNM Business Energy Efficiency Program.
- Only assisted living facilities with a 24-hour on-site nursing staff qualify for the PNM Business Energy Efficiency Programs.

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.

- Equipment installed on or after May 19, 2009 is eligible for incentives under this program. Equipment installed, or projects completed before this date is not eligible.
- The Final Application and all required documentation should be received by DNV GL within sixty days of project completion. Any application submitted more than 6 months after project completion 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 PNM.
- 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 PNM New Construction and Retrofit Rebates program.
- The New Construction and Retrofit Rebates 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. Contractor Requirements

To create a positive customer experience and to ensure that Program funds are administered correctly and accurately, a participating contractor or PNM Authorized Contractor must adhere to standards of acceptable behavior and performance.

This includes but is not limited to:

- Complete and accurate program incentive applications
- Accurate representation of the Programs to customers.
- Submission of original signature or DocuSign™ Signature on Pre-Notification and Final Applications.
- Submission of valid product invoices that accurately match the measures submitted in the incentive application.
- Submission of valid supporting documentation.
- The permanent removal of equipment/fixtures that comply with the scope of the project for which incentives are requested.
- The complete and accurate installation of new (not used) equipment as represented in the incentive Application.
- Adherence to other provisions of this manual.

If violation of these standards of acceptable behavior and

performance occur, the contractor will be notified, and if deemed necessary, a meeting will be arranged to discuss the issue and determine if further action is required. In the instance of a participating contractor who violates these standards, the customer and contractor shall be notified of the cancellation of the incentive application. Additionally, violation of any one of these standards shall result in the notification to the customer regarding violations of these standards by the contractor, exclusion from any standard or bonus offer to PNM Authorized Contractors (should they become available), and if applicable, removal from the PNM Authorized Contractor Program.

5.1 PNM Authorized Contractor Program

Contractors who complete certain program training, and satisfy program participation standards, are given the PNM Authorized Contractor designation. The PNM Authorized Contractor program is designed to improve contractor familiarity with the program, increase customer satisfaction, and provide the program team with a better understanding of how to interact with and support contractors in the market.

To become a PNM Authorized Contractor, a contractor must meet the following requirements:

- Attend an annual training session
- Submit a signed PNM Authorized Contractor Agreement, including all required documents requested in the Agreement. Please note, incomplete applications will be returned to the contractor.
- Submit at least one incentive application that is processed to paid status per program year.

Once a contractor completes the PNM Authorized Contractor training and submits **at least two applications** for which incentive payment is issued, they will be eligible to receive third party incentive payments. The Program reserves the right to suspend or remove contractors from the PNM Authorized Contractor Program should any issues arise with the company as detailed in the PNM Authorized Contractor Agreement.

A contractor who becomes a PNM Authorized Contractor has access to certain aspects of the Program not available to all contractors, such as:

- Being published in the Programs searchable PNM Authorized Contractor Directory on the Program website
- The opportunity to participate in advisory and focus groups
- Third-party Payment authorization
- Cash bonuses when offered by the Programs

5.2 Third-Party Payment Authorization

Customers may assign payment of PNM New Construction and Retrofit Rebate program incentives to a third-party under the following conditions:

- Customers may assign payment of PNM program incentives directly to a contractor that performs work included in that application, only if they are an eligible PNM Authorized Contractor as outlined in section 5.1.
- Customer may assign payment of the application directly to a Tenant. The Tenant must be located within the

Landlord's facility identified in the Incentive Application.

6. Incentive Caps

The paid incentive is capped at 100 percent of the incremental measure cost or 50 percent of the total project cost, whichever is lowest. 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 PNM New Construction and Retrofit Rebates 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 PNM customer will not be considered as measure costs for each measure. *For example: The project cost for a customer who performs a self-installation of eligible equipment cannot include the cost of labor.*

7. Types of Incentives

This section provides specific details of the type of incentives available under the PNM New Construction and Retrofit Rebates 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.

7.1 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.

Retrofit Lighting

The prescriptive lighting component includes the following measures. Note that new construction incentives and requirements differ from retrofit. Please reference the specification pages in the application form for detailed requirements. Customers must dispose of PCB ballasts and fluorescent lamps in accordance with local regulations.

- LED lamps and fixtures that have been approved by Design Lights Consortium™ or ENERGY STAR®
- New LED fixtures replacing fluorescent and HID
- Occupancy sensors
- Plug Load Occupancy sensors
- Horticulture Lighting (*see below*)

Horticulture Lighting

The PNM Retrofit Rebate program offers horticulture lighting incentives for eligible improvements, incentives are available

to non-residential customers within PNM service territory, incentives are available to non-residential customers within PNM service territory. *Horticulture lighting incentives are only eligible for retrofit rebate applications. Pre-notification application is required; applications submitted without a pre-notification will not be accepted.*

New Construction – Lighting

New Construction lighting incentives are based on the lighting power density (LPD) in watts per square foot less than the values listed in ASHRAE 90.1-2007 corresponding to building type. The incentive is calculated as follows: (LPD baseline – LPD actual) x Area x Incentive. Area is gross lighted area of each space type. Incentive is for interior lighting only (except parking garage).

HVAC

Prescriptive incentives are available for a variety of cooling systems including air-cooled, split or unitary systems; variable refrigerant flow heat pumps; packaged terminal air-conditioners/heat pumps; and air- or water- cooled chillers.

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

Variable Speed Drives on HVAC Motors

Variable-speed drives (VSDs) which are installed on existing HVAC fans and HVAC pumps. New chillers with integrated VSDs are eligible under the chiller incentive. VSDs on new equipment are not eligible. VSDs required by code for New Construction are not eligible for incentives. The installation of a VSD must accompany the permanent removal or disabling of any throttling devices such as inlet vanes, bypass dampers, and throttling valves. VSDs for non-HVAC applications should use the Custom application. This incentive is per controlled HP.

Window Film

Window film must have a Shading Coefficient (SC) of 0.50 or less or a Solar Heat Gain Coefficient (SHGC) of 0.40 or less. Must be refrigerated air conditioned space to qualify for rebate; buildings with evaporated air cooling do not qualify. This measure is not eligible for incentives for New Construction projects.

Motors and Variable Speed Drives for Motors

Incentives are available for three-phase motors ranging in size from less than 1 horsepower to 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. Motors exceeding 200 horsepower may be eligible for incentives under the Custom application. See Sections 6.2 and 7.2 for further custom incentive information. Applicant must provide proof of two motors of that size out of which the most efficient was selected for installation.

Note: The program offers prescriptive incentives for Variable speed drives (VSD) on HVAC existing fans and pumps. These incentives are located on the HVAC worksheet in the application.

VSD's for any other process may be eligible for incentives under the Custom application. See Sections 6.2 and 7.2 for further custom incentive information.

Refrigeration

The program offers incentives for a variety of refrigeration measures including: high efficiency ice machines, strip curtains on walk-ins, night covers, high efficiency evaporator fan motors, evaporator fan controllers, anti-sweat heater controls 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, with the exception of vending machine occupancy controls. Vending machine occupancy controls are provided free of charge to the customer for installation by PNM Authorized Contractor installers who are paid per unit installed by submitting the required installation transaction report to the Program. *Note: only approved ice machines are eligible for new construction incentives.*

7.2 Custom Incentives

The PNM New Construction and Retrofit Rebates 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 Program Administrator test, also called a Utility Cost Test (UCT), as defined and calculated by PNM New Construction and Retrofit program engineers, using energy savings and incremental measure costs provided by the customer and avoided energy and demand PNM costs. Generally, projects with an equipment lifetime of greater than 5 years, and simple payback less than 5 years are likely to pass this test. Projects with simple paybacks in the 5-8 year range are at risk of not passing this test. It is possible for projects with simple paybacks beyond 8 years to pass this test, but as the payback term increases, the likelihood of the project passing this test decreases. For this reason, pre-notification applications are strongly encouraged, to allow program engineers the opportunity to work with customers and their contractors to evaluate the UCT in advance of project investment. Note that if costs, savings or other project parameters change during implementation, those changes could impact the UCT.

Incentive payments and the UCT calculation will be based upon the final completed project.

Custom incentives are calculated using first year estimated kilowatt hour saved. For current incentive levels please see the corresponding program year application. Actual incentive payments are based on either (1) documented electrical energy (kWh) reduction or (2) an electrical energy reduction estimate approved by PNM New Construction and Retrofit Rebates. The incentive payment cannot exceed 100% of the energy-efficiency-related project cost or 50% of the incremental cost.

- Equipment replacement projects must demonstrate that

the old equipment has been eliminated from the resale market.

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 PNM New Construction and Retrofit Rebates Team is available to assist in developing energy savings estimates. Where applicable, ASHRAE standard 90.1-2007 will be the assumed baseline.

Examples of Custom measures include but are not limited to:

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

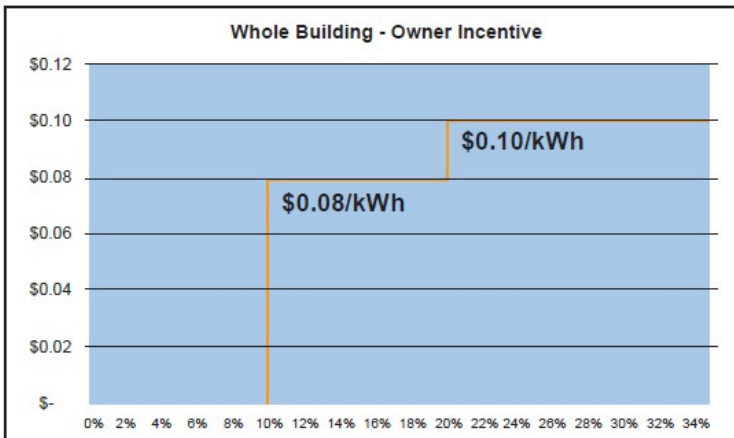
Ineligible projects include, but are not limited to, cool roofs, electrical generation projects including renewables, fuel switching, and customer-owned onsite generation.

New Construction Whole Building Incentives

The least expensive and most effective time to make a building energy efficient is during the Design phase. The collective efficiency impact of ideal building orientation, envelope investments and electrical and mechanical systems will be greater when these building elements are specified based upon an integrated design. Careful project management throughout the construction phase will ensure that efficiency related design decisions get implemented in the building.

The PNM New Construction and Retrofit Rebates program offers two tiers of incentives for New Construction Whole Buildings. The first tier requires that the building to be at least 10% more efficient than the baseline standard of ASHRAE 90.1, 2007, and provides a one-time incentive of \$.08/ annual kWh saved over this baseline. If a building is 20% more efficient than the baseline standard, the incentive increases to \$.10/annual kWh. This higher incentive applies to all kWh saved, not just the savings beyond the first tier.

Whole Building Owner Incentive



Incentives are limited by the following:

- Paid on estimated annualized kWh savings only.

- Estimating savings following ASHRAE 90.1-2007 Appendix G standards (including errata; excluding addenda; not including Exceptional Calculation methodology) as quantified in a final report indicating the annual energy savings of the baseline and the design case.
- Savings as demonstrated using energy simulation modeling tools capable of hourly calculations in multiple thermal zones (approved programs are limited to: eQuest, Trace and HAP). The tool used must be approved by PNM New Construction and Retrofit Rebates program staff.
- Savings associated with interior buildings systems; exterior lighting is not included in calculations; renewable generation is not included; process loads must be the same for both baseline and proposed design.
- Energy efficiency measures not eligible or receiving any other incentive by PNM. The customer must choose between Prescriptive and Custom incentives for building equipment and individual systems or this Whole Building incentive.
- Maximum incentive per project may not exceed \$300,000 and is limited to 50% of project cost.
- The Whole Building Incentive approach follows a performance rating method that enables the design team to identify the interactive effects of energy efficiency measures across all building systems during the design process. For example: a change in proposed lighting power density affects both heating and cooling consumption, and in most cases will achieve savings greater than the lighting system alone.

Supporting Documentation

- Calculated values for the baseline building performance, the proposed design, and the percentage improvement.
- A list of energy efficiency measures included in the proposed design that differ from the baseline.
- Input and output reports from the approved energy simulation modeling tool, with breakdown of energy usage by component.
- An explanation of any error messages that appear in the simulation program output reports. Eligible projects are limited to:
- PNM customers on an eligible rate
- Construction projects that are in the design phase and will be substantially complete within 24 months of agreement acceptance by PNM.

8. Application Process

Energy Efficiency Program appointments and rebates are on a **first-come, first-served basis** and are for a limited time only. Once program reaches its maximum capacity for this year, the program will resume the next calendar year. Funding status can be checked either by calling the PNM New Construction and Retrofit Rebates phone line at (877) 607-0741, or by email at energyefficiency@pnm.com.

A single application form is utilized for both phases of the application process: Pre-Notification Application and Final Application. If submitting a pre-notification application, simply

check the “Pre-notification” box on the form and submit for pre-approval review 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 PNM New Construction and Retrofit Rebates program staff is available Monday - Friday 9am - 5pm, excluding official US holidays, 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 **required** for retrofit projects where the review team must verify the pre-existing conditions. This includes, but is not limited to, projects with de-lamping or a reduction in quantity of fixtures, retrofitting existing fixtures, and HID fixtures being replaced or retrofitted to LED fixtures. 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 PNM New Construction and Retrofit Rebates 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 PNM service territory may submit one application for all locations or may send applications for different projects at different times.

- If a project includes multiple sites, please check mark “This Application represents multiple accounts/premises on the Applicant Information page and use the Multi-Facility page in the application to include a list of all sites, addresses, PNM account numbers and appropriate contact information for those sites.

The PNM New Construction and Retrofit Rebates 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. The PNM New Construction and Retrofit Rebates 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 PNM New Construction and Retrofit Rebates Team will alert the applicant by letter of the amount of incentives reserved and the reservation expiration date. Incentive funds will be secured for 180 days. The customer may request, subject to approval by the PNM New Construction and Retrofit Rebates Team, that the funding be reserved for more than 180 days if the project schedule is expected to extend more than six months. The PNM New Construction and Retrofit

Rebates 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 canceled.

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 180 days 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 more than six months after project completion will be deemed ineligible** for payment except where the PNM New Construction and Retrofit Rebates team has specifically agreed to further extend the reservation. Applicants may use a copy of the Pre-Notification Application with changes indicated and the “Final Application” boxed checked.

- Documentation must 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 PNM New Construction and Retrofit Rebates 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 PNM Authorized 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 PNM customer will pay. For incentive measure cap purposes, customer internal labor cannot be considered part of the project cost.

The PNM New Construction and Retrofit Rebates 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 PNM Authorized Contractor or Tenant as a third-party 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. The third party receiving the incentive must also sign the agreement.

Step 4: Final Application Review

The PNM New Construction and Retrofit Rebates 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 PNM New Construction and Retrofit Rebates Team's approval of the Final Application.

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

Third Party Application Submittal:

Some customers may desire to have third parties such as contractors, rebate processing companies and energy consultants submit incentive applications on their behalf. PNM requires a customer signature on the Agreement page of the application form or, we must have a letter of release from the company delegating the rebate processing. The letter must be dated within 6 months of the final rebate date.

8.1 Pre and Post Inspections

The PNM New Construction and Retrofit Rebates 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. In addition to program team inspections, randomly selected applications may also require inspections by a "Measurement and Verification" contractor. The purpose of these inspections is to verify claimed energy savings as well as to evaluate customer experiences. These additional inspections are not related to those required for processing applications for incentives.

8.2 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 PNM New Construction and

Retrofit Rebates Team review and approval (including a UCT analysis). The PNM New Construction and Retrofit Rebates 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.

9. Payment Process

The PNM New Construction and Retrofit Rebate program incentives will be paid directly to customers, unless the customer indicates a PNM Authorized Contractor as a third-party recipient (see section 5.2 for Third-party Payment Authorization requirements). The customer must indicate the exact name of the designated payee and the appropriate tax identification number on the application. Payment will not be made until the proper incentive application supporting documentation is received and reviewed by the PNM New Construction and Retrofit Rebate Program Team. All final applications must be fully completed with final documentation. Final applications also require the signature of the customer and, if a third-party payment is requested, the signature of the designated PNM Authorized Contractor to receive the incentive payment.

To verify that the customer has paid for the project work, detailed invoices indicated as "PAID" must be submitted with the incentive application. Invoices must be itemized with the costs for equipment, labor, supplies, and other applicable costs. The location or business name on the invoice must be consistent with the application information. Applicants may be asked to provide more detailed information about their project, on the equipment location, and/or to aid in the program 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. Applicants will be asked to provide proof of payment for invoices.

Incentives will be paid within four to six weeks after the PNM New Construction and Retrofit Rebates Team's approval of the Final Application. In some cases, incentive checks may be hand-delivered where both parties agree.

10. Application Changes 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 PNM New Construction and Retrofit Rebates 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 decreases from the reserved funding, the approved project will be paid at the lower amount.

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

11. Dispute Resolution

The PNM New Construction and Retrofit Rebates 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 PNM New Construction and Retrofit Rebates Team immediately at (877) 607-0741, or by email sent to energyefficiency@pnm.com.

12. PNM Authorized Contractor Removal

Contractors operating as a PNM Authorized Contractor under the PNM New Construction and Retrofit Rebate program are required to follow program rules as outlined in the program policies and procedures and the Authorized Contractor agreement. If, while operating as a PNM Authorized Contractor under the PNM New Construction and Retrofit Rebate program, PNM obtains adverse information about a contractor or if a contractor is suspected of any fraudulent activity the contractor will be disqualified and will not be eligible for participation as a PNM Authorized Contractor as PNM shall determine, in its sole discretion, at any time.

13. Billing Release

The PNM New Construction and Retrofit Rebates 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 PNM or from the PNM New Construction and Retrofit Rebates 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)

14. Tax Implications

Incentives are taxable. If your incentive is greater than \$600, the PNM New Construction and Retrofit Rebates 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. PNM and DNV GL are not responsible for any taxes that may be imposed on your business as a result of your receipt of this incentive.

15. Definitions

Commissioning: Commissioning is a process to ensure that systems are designed, installed, functionally tested, and capable of being operated and maintained to perform in conformity with the design intent.

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 PNM 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 95oF. 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 PNM New Construction and Retrofit Rebates 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 PNM customer will not be considered as measure costs for each measure.

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.

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 PNM accounts (or meters) and major renovations as defined above.

Pre-Notification: Pre-notification is the application process of informing the PNM New Construction and Retrofit Rebates 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.

PNM Authorized Contractor: A PNM Authorized Contractor is an industry professional who has received training on program procedures and has agreed to follow the program's policies and procedures. PNM Authorized Contractors include equipment vendors, contractors, engineers, architects and energy services providers.

Utility Cost Test (UCT): The UCT is a metric used by the program to assess the cost- effectiveness of proposed energy efficiency expenditure from a sponsoring perspective. The PNM New Construction and Retrofit Rebates Program requires that all measures that receive a custom incentive are verified to have a UCT that is greater than 1. The PNM New Construction and Retrofit Rebates Team will calculate the UCT for a proposed project using energy savings and cost information provided by the customer.

15. Contact Information

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