



Business Energy Efficiency Programs

Policies & Procedures

2026 Building Tune-Up Program

Updated April 2026

The PNM Building Tune-up Program assists PNM non-residential customers with existing building performance improvement activities. This program targets small, medium, and large facilities that receive electric service from PNM. This document is intended to convey the rules, policies and procedures that govern program administration and customer participation. It is a companion document to the PNM Building Tune-up Application forms.

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1. PROGRAM OVERVIEW

1.1 Objective

Since the first energy codes were implemented 38 years ago there has been no consideration in the codes for how buildings actually perform, only criteria that prescribe how they are to be designed and constructed. The purpose of the PNM Building Tune-up program is to improve the system efficiency of small, medium and large commercial buildings using a systems approach of improve overall efficiency. The objective is to work toward optimizing the PNM service territory building stock performance.

1.2 Approach

For smaller buildings less than 50,000 ft², the systems are most often limited to lighting and packaged AC roof top units (RTUs). Program Trade Allies examine, repair when necessary and tune up eligible RTUs to optimal running conditions using the Air Conditioning Contractors of America (ACCA) 180 standards. The contractor is responsible for checking, balancing and optimizing air flow, coil cleaning and refrigerant charge during the procedure.

For medium and larger buildings (greater than 50,000 and 100,000 ft², respectively), program Trade Allies assess and make building performance recommendations based on a 2-tiered approach. Modeled after ASHRAE Level 1 and 2 audit, RCx Tier 1 focuses on common, low-cost operational improvements that deliver high energy savings. For more complex systems or for deeper energy savings an RCx Tier 2 building audits is performed (equivalent to an ASHRAE Level 3 audit). Program study incentives are available for these two tiers in order to help cover a portion of the cost. The customer is required to agree to install all identified no-cost, low-cost energy efficiency measures in order to qualify for program study incentives.

To encourage better building operations throughout the service territory, the program has partnered with local educational institutions to offer tuition reimbursements to qualified building operator-students who have completed the Building Operator Certification (BOC) through the partner institution.

1.3 Program Effective Dates

Retro-commissioning is effective March 14, 2014. BOC Tuition Reimbursement is effective May 1, 2014.

2. TARGET MARKETS

2.1 Overview

PNM currently delivers energy to approximately 55,000+ commercial properties.

A majority of these buildings (approx. 97%) qualify as small commercial under 55,000 ft² or multifamily.

There are fewer properties over 50,000 ft² – approximately 1,200, or 3% of the full building stock. These buildings are targeted for RCx Tier 1 building energy audits with a focus on cost-effective, high gain common measures. There are approximately 375 properties over 100,000 ft² in the PNM service territory. For deeper system-wide savings, outreach by program staff and Trade Allies target these large properties for participation in RCx Tier 2.

2.2 Trade Ally Program

Much of the program outreach is accomplished through the Trade Ally Program, a network of qualified industry professionals who operate as consulting and installation firms within the context of the Building Tune-up Program. All Trade Allies have received training directly from PNM on program requirements, procedures, and equipment specifications and have agreed to operator per guidelines as put forth in the Program's Trade Ally Application and Agreement, which can be found on the program website at PNMEnergyefficiency.com.

Use of the PNM logo or name on customer or Trade Ally developed materials is not allowed. If any materials are developed and they include the program name, they must be approved by the PNM Business Energy Efficiency Program prior to distribution. PNM reserves the right to remove any Trade Ally from the listing if they do not comply with the Program's quality standards, policies and procedures.

2.3 Trade Ally Removal

Contractors operating as a Trade Ally under the PNM Building Tune-up Program are required to follow

program rules as outlined in this document, Trade Ally Agreement, and Program Policies and Procedures. If PNM obtains adverse information about a contractor operating as a Trade Ally under the PNM Building Tune-up Program, or if a BTU Trade Ally contractor is suspected of any fraudulent activity, the contractor will be disqualified and will not be eligible for participation as a Trade Ally as PNM shall determine, in its sole discretion, at any time.

3. CUSTOMER ELIGIBILITY

3.1 Retro-commissioning

3.1.1 Customer Eligibility – RCx Tier 1

Customers eligible to participate in the RCx Tier 1 Program must meet one of the following criteria for their facility:

- Be greater than or equal to 50,000 ft²; or
- Use more than 750,000 kWh; or
- If on a demand meter, have more than 500 kW peak demand.

The energy savings from installed measures must occur on a meter with an eligible rate schedule. Most nonresidential rate schedules are eligible, but are limited to the following PNM tariffs:

- 2A, 2B, 3B, 3C, 3D, 3E, 4B, 5B (Excludes Flat or Unmetered Rates)
- Water and Sewage Pumping – 11B
- Large service for public universities – 15B
- Large service for manufacturing Distribution Level – 30B
- Large Service for Station Power – 33B
- Large Power Service – 35B

Applicants must submit an ENERGY STAR Portfolio Manager benchmarking report indicating the building's Energy Utilization Index (EUI) along with their study-incentive application.

Applicants must agree to install all no-cost, low-cost measures under \$2,000 (capital cost) with a simple payback of 2 years or less.

Full study incentives are available if implementation of identified measures results in at least 2.5% overall savings. Projects with savings of less than 2.5% will receive a prorated study incentive.

3.1.2 Customer Eligibility – RCx Tier 2

Customers eligible to participate in the RCx Tier 2 Program must meet one of the following criteria for their facility:

- Be greater than or equal to 100,000 ft²; or
- Use more than 1,500,000 kWh; or
- If on a demand meter, have more than 1,000 kW peak demand.

The energy savings from installed measures must occur on a meter with an eligible rate schedule. Most nonresidential rate schedules are eligible, but are limited to the following PNM tariffs:

- 2A, 2B, 3B, 3C, 3D, 3E, 4B, 5B (Excludes Flat or Unmetered Rates)
- Water and Sewage Pumping – 11B
- Large service for public universities – 15B
- Large service for manufacturing Distribution Level – 30B
- Large Service for Station Power – 33B
- Large Power Service – 35B

The facility(ies) must have a dedicated facility staff.

Applicant must EITHER have participated in RCx Tier 1 OR submit an ENERGY STAR Portfolio Manager benchmarking report indicating building EUI and show reasonable proof of a 5% savings potential along with their application for study incentives.

Applicants must agree to install all no-cost, low-cost measures under \$5,000 (capital cost) with a simple payback of 2 years or less.

3.2 Building Operator Certification (BOC) Tuition Reimbursement

3.2.1 Customer Eligibility

To be eligible for tuition reimbursement from the BOC program, applicant must:

- Operate an eligible building type within the PNM service territory. Eligible building types include:
 - Municipal
 - K-12 School, College and University
 - Large Industrial
 - Hospital
- Have at least 2 years of experience in building Operations & Management
- Are not current credentialed as a BOC trainee
- Operate building facilities whose combined square footage is at least 50,000 ft²
- Show proof of class completion by obtaining the certification.
- Attend a PNM program overview of all PNM Business Energy Efficiency Program offerings
- Commit to working partnership with the PNM Building Tune-up team on energy efficiency projects within your facility.

4. PROJECT TERMS AND CONDITIONS

Applicants must abide by all program rules as detailed in this document and the rebate application document(s). By signing the rebate application agreement form, the customer agrees to all rules and requirements in place on the date of signature. Customers should reference the Retro-commissioning specification sheets for technical requirements. Further detailed technical requirements and procedures for Retro-commissioning can be found at www.ASHRAE.org.

Program applications for services provided and equipment installed on or after March 14, 2014 for RCx are eligible for incentives under this program. Program applications for services provided and/or equipment installed before these dates are not eligible.

The Pre-application and all required documentation for the RCx program should be received by PNM within 30 days of facility study completion. The Pre-application and all required documentation for the RCx program should be received by PNM within 180 days of project completion. Final Applications submitted more than 6 months after project completion without specific permission from the PNM Building Tune-up program team will be ineligible for incentives. All equipment must be installed prior to submitting the Final Application. All materials removed must be disposed of properly.

Measures must involve improved overall building operational efficiency. Savings must be sustainable for five years. If the customer receives an incentive payment and does not install the product, 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 of any recognition in a written letter to the PNM Building Tune-up Program.

The Building Tune-up 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, 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. INCENTIVES

This section provides specific details on the type of incentives available under the PNM Building Tune-up Program. The Program applications provide further details regarding incentive levels and technical specifications.

Funding for the PNM Building Tune-up Program is limited each calendar year and is offered on a first-come, first-serve basis. Funding status can be checked either by calling the PNM Building Tune-up Program phone line at (877) 607-0741, sending an email to energyefficiency@pnm.com, or by visiting the PNM Building Tune-up Program section of the PNM website at PNMenergyefficiency.com.

This program is not meant to provide incentives for fuel switching (e.g. from gas to electric), renewable generation, onsite generation, or gas chiller or other gas equipment projects.

5.1 Saving Incentives

5.1.1 Retro-commissioning Tier 1 and 2

RCx Tier 1 and RCx Tier 2 energy savings are paid at \$0.075 per first year kWh savings subject to a cap of 100% of the total project cost. The total project cost is defined as the cost of installing one or more energy savings measure identified during project assessment. The customer's share of the RCx study cost may be included in the total project cost.

Incentive payments are based on either: 1) documented electric energy (kWh) reduction, or 2) an electrical energy reduction estimate approved by the PNM Building Tune-up Program team.

RCx savings estimates are defined as:

- Estimated annualized kWh savings only, following ASHRAE 90.1-2019
- Savings as demonstrated using Program-approved energy simulation modeling tools capable of hourly calculations in multiple thermal zones (eQuest modeling software is preferred)
- Savings associated with interior buildings systems only; neither exterior lighting nor renewable generation can be included in calculations; process loads must be the same for both baseline and proposed design.

The incentive payment cannot exceed 100% of the energy efficiency-related project cost.

All incentives are contingent on BTU Program team review and verification of savings estimates and are subject to both pre-installation and post-installation onsite verification. Incentives are paid to the PNM customer with the option to elect a third-party payee.

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

5.2 Study Incentives

5.2.1 Retro-commissioning Tier 1

Study Incentives are designed to help the building owner make the investment to determine if the building could benefit from Retro-commissioning services. Study incentives are also designed to help Trade Allies performing the RCx Tier 1 assessment communicate the worth of the information on recommended measures resulting from the study to the participating building owner.

RCx Tier 1 Part 1 study incentive will be paid in full for studies that identify and save at least 2.5% of the building's annual kWh usage and are paid directly to the contractor at the levels shown in the table below.

RCx Tier 1 Study Incentives

| Building Annual kWh usage | Study Incentive |
|---------------------------|-----------------|
| <750,000 | \$750 |

| | |
|-----------------------|---------|
| 750,001 – 1,000,000 | \$1,000 |
| 1,000,001 – 2,000,000 | \$1,250 |
| 2,000,001 – 3,000,000 | \$1,500 |
| >3,000,001 | \$1,750 |

These study incentives will be prorated for projects that identify less than 2.5% of the building’s annual kWh usage.

Trade Allies receive 50% of the study incentive after the application for the study incentive is submitted and the initial walkthrough has occurred, and prior to measure implementation, on the condition that the customer agrees to implement all no-cost, low-cost measures that are under \$2,000 and have a simple payback of 2 years or less. The remaining 50% of the study incentive is paid upon receipt, review, inspection and payment of the Final Application for the no-cost, low-cost measures identified in the study. The incentive is capped at 100% of the study cost.

5.2.2 Retro-commissioning Tier 2

Trade Allies performing the RCx Tier 2 assessment are eligible to receive a one-time \$5,000 study incentive for the RCx assessment.

Trade Allies receive 50% of the study incentive after the application for study incentives is submitted and the initial walkthrough is conducted. The study must produce a master list of findings which includes savings and economic analysis, which are then reported to the BTU Program and the customer but prior to implementation, on the condition that the customer agrees to implement all no-cost, low-cost measures that are under \$5,000 and have less than a 2-year simple payback.

The remaining 50% of the study incentive is paid upon receipt, review, inspection and payment of the Final Application for the no-cost, low-cost measures identified in the study. The incentive is capped at 100% of the study cost.

5.2.3 Building Operator Certification – Tuition Assistance

The BOC tuition assistance component of the PNM Building Tune-up reimburses up to 100% of the full cost of tuition to each student that meets the qualifying criteria. The incentive is paid once the student has completed and passed the Level 1 Certification through a qualifying BOC program.

5.3 Incentive Limitations

5.3.1 Incentive Caps

The customer is responsible for any part of the study cost that exceeds the study incentive provided to the Trade Ally by PNM. The customer is also responsible for the cost of all energy efficiency upgrades whose cost exceeds the savings incentive provided for each upgrade. Under no circumstance will PNM pay incentives in excess of 100% of the total project.

Energy efficiency measures conducted under the PNM Building Tune-up Program are not eligible to receive incentives under any other PNM Business Energy Efficiency Program.

6. APPLICATION PROCESS

The following sections describe program participation processes in detail. A depicted series of events for each program element is in **Appendix A**.

6.1 Retro-commissioning Tier 1

Two application forms are used for participation in RCx Tier 1. The first application is to reserve funds for the study incentive. The second involves submission of both a Pre-application and a Final Application for savings incentives.

If submitting a Pre-application, check the “Pre-application” box on the form, mark “Tier 1” and submit for pre-approval and the reservation of funds. To request payment for a completed project, submit the same form with the “Final Application” box checked, select “Tier 1” and indicate any changes. The Final Application must be returned with an original signature and complete documentation before incentives will be paid. The PNM Building Tune-up Program team is available during normal business hours to facilitate the application process.

All customer information is held in confidence.

Step 1 – Confirmation of Eligibility and Study Incentive Application

The Trade Ally and customer agree to pursue RCx Tier 1 program participation. The applicant reviews program eligibility requirements and determines if the facility is eligible for participation in the PNM Retro-commissioning Program. If so, the applicant completes the Retro-commissioning Study Incentive Application (Part 1) and submits it to the PNM Building Tune-up Program team along with the following documentation:

- A copy of an ENERGY STAR Portfolio Manager benchmarking report indicating the facility Energy Utilization Index (EUI); and
- The signed customer agreement to install all identified no-cost, low-cost measures.

Step 2 – Conduct the Assessment

The PNM Building Tune-up Program team provides an RCx Tier 1 Assessment Tool to help identify and quantify energy savings from common measures found during a simple assessment. The Trade Ally should use this tool to efficiently identify savings under RCx Tier 1. Use of the RCx Tier 1 Assessment Tool is highly recommended but not required.

While doing an initial walk-through the Trade Ally may:

- Identify opportunities for lighting retrofit projects.
- Identify opportunities that warrant further assessment if recommending that the customer participate in RCx Tier 2.
- Make adjustments for immediate savings.

Step 3 – Submit Findings Report and 1st Payment

The findings must be reported to both PNM and the customer. The customer will review the Tier 1 study findings, paying special attention to:

- Those measures that are defined as no-cost, low-cost measures and therefore required for installation
- Those measures that have longer payback but still make solid economic sense to pursue
- Building systems that show potential for further assessment under RCx Tier 2 upon receipt of the Tier 1 findings, PNM will pay the Trade Ally 50% of the study incentive.

Step 4 – Pre-application Submission and Review

Having received the identified list of energy efficiency measures, the customer selects the measures to install and works with the Trade Ally to submit the project Pre-application (Part 2).

The PNM Building Tune-up team will review all Pre-applications for eligibility and completeness of customer information in the order received. Upon receipt of the completed Pre-application, PNM will order a Pre-inspection and conduct a site visit to confirm that conditions depicted as base-case conditions are as described and submitted as the project findings. The Program team will alert the applicant by letter regarding the amount of incentives reserved and the reservation expiration date. Incentive funds will be secured for 180 days.

Step 5 – Submit Final Application

The applicant must submit the Final Application with all required supporting documentation (see Page 1 of the RCx Application) within 60 days of project completion. The project completion date shall be determined by the date the energy efficient equipment becomes operational. Final Application submitted more than 6 months after project completion will be deemed ineligible for payment.

Applicants may use a copy of the Pre-application with changes indicated and the "Final Application" box checked.

Step 6 – Final Application Review

The PNM Building Tune-up team will review all Final Applications and final project documentation for completeness and changes to the scope of work. Completed applications will be reviewed in the order

received. The PNM Building Tune-up 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 not limited to: equipment purchase dates, installation dates, proof that the equipment is operational, manufacturer specifications, warranty information, proof of customers 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 determination of the final incentive payment.

Step 7 – Payment

The remaining 50% of the study incentive and 100% of the savings incentives will be paid within 4-6 weeks after the PNM Building Tune-up team's approval of the Final Application.

Third-Party Application Submittal

The customer can designate a third party as the recipient to receive the final savings incentive payment. The customer must sign the Final Application in the appropriate places and initial the Customer 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 Customer Agreement.

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

6.2 Retro-commissioning Tier 2

Two application forms are used for participation in RCx Tier 2. The first application is to reserve funds for the study incentive. The second involves submission of both a Pre-application and a Final Application for savings incentives.

If submitting a Pre-application check the "Pre-application" box on the form, mark "Tier 2" and submit for pre-approval and the reservation of funds. To request payment for a completed project, submit the same form with the "Final Application" box check, select "Tier 2" and indicate any changes. The Final Application must be returned with an original signature and complete documentation before incentives will be paid. The PNM Building Tune-up program staff is available during normal business hours to facilitate the application process. All customer information is held in confidence.

Step 1 – Confirmation of Eligibility and Study Incentive Application

The Trade Ally and customer agree to pursue RCx Tier 2 program participation. The applicant reviews program eligibility requirements and determines if their facility is eligible for participation in the PNM Retro-commissioning program. If so, the applicant completes the Retro-commission Study Incentive applicant (Part 1) and submits it to the PNM Building Tune-up program team along with the following documentation:

- Verification of participation in Retro-commissioning Tier 1
- The signed customer agreement to install all identified no-cost, low-cost measures.

The following substitutions may be submitted in place of an RCx Tier 1 application:

- A copy of an ENERGY STAR Portfolio Manager benchmarking report indicating the facility Energy Utilization Index (EUI).
- Proof of annual energy savings measure that result in an estimated 5% or greater.

Step 2 – Conduct the Assessment

Please see the Retro-commissioning specifications for a full description of a Tier 2 assessment, available in the Retro-commissioning application on PNMenergyefficiency.com.

Step 3 – Submit Findings Report and 1st Payment

The findings must be reported to both PNM and the customer. The customer will review the Tier 2 study findings, paying special attention to:

- Those measures that are defined as no-cost, low-cost measures and therefore required for installation

- Those measures that have longer payback but still make solid economic sense to pursue
- Building systems that show potential for further assessment under RCx Tier 2. Upon receipt of the Tier 2 findings, PNM will pay the Trade Ally 50% of the study incentive.

Step 4 – Pre-application Submission and Review

Having received the identified list of energy efficiency measures, the customer selects the measures to install and works the Trade Ally to submit to project Pre-application (Part 2).

The PNM Building Tune-up team will review all Pre-applications for eligibility and completeness of customer information in the order received. Upon receipt of the completed Pre-application, PNM will order a pre-inspection and conduct a site visit to confirm conditions depicted as base-case conditions are as described and submitted as the project findings.

Once the onsite inspection has completed, PNM will reserve incentive funds for the project and release the project for installation.

The Program team will alert the application by letter of the amount of incentives reserved and the reservation expiration date. Incentive funds will be secure for 180 days. The customer may request, subject to approval by the PNM Building Tune-up 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 Building Tune-up team may contact the customer periodically to ensure that the project is moving forward. Funds that have been reserved are not transferable to other projects, facilities, and/or customer.

Step 5 – Submit Final Application

The applicant must submit the Final Application with all required supporting documentation (see Page 1 of the RCx Application) within 60 days of project completion. The project completion date shall be determined by the date the energy-efficient equipment becomes operational. Final Applications submitted more than 6 months after project completion will be deemed ineligible for payment.

Applications may use a copy of the Pre-application with changes indicated and the "Final Application" boxed checked.

Step 6 – Final Application Review

The PNM Building Tune-up team will review all Final Applications and final project documentation for completeness and change to the scope of work. Completed applications will be review in the order received. The PNM Building Tune-up 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 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 inspection and/or equipment monitoring to verify energy savings before determining the final incentive payment.

Step 7 – Payment

The remaining 50% of the study incentive and 100% of the savings incentives will be paid within 4-6 weeks after the PNM Building Tune-up team's approval of the Final Application.

Third Party Application Submittal

The customer can designate a third party as the recipient the final savings incentive payment. The customer must sign the Final Application in the appropriate places and initial the Customer Agreement in the appropriate place before incentive will be paid to a third party. The third party receiving the incentive must also sign the Customer Agreement.

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

6.3 Building Operator Certification (BOC) Tuition Reimbursement

Step 1 – Confirmation of Eligibility and Pre-application

Review the Program eligibility requirements and determine that the applicant meets all eligibility requirements.

The Program team will pre-screen all Pre-applications for eligibility.

Step 2 – Complete BOC Level 1 Course

Applicant must complete all segments of the BOC training with a passing grade and obtain their certificate indicating completion of the course.

The applicant must also attend a PNM training on all Business Energy Efficiency Program offerings. Trainings occur throughout the year and are usually held at the main PNM office in Albuquerque.

Step 3 – Submit Final Application

Submit the Program application within 30 days of obtaining the Building Operator Certification. The course completion date shall be determined by the date the certification is issued. Final Applications submitted more than 90 days after project completion will be deemed ineligible for tuition reimbursement.

Step 4 – Ongoing Savings

PNM would like to continue the working relationship with BOC students taking part in the Building Tune-up Program. To this end, it is expected that the applicant/student continues to work with the Building Tune-up team to identify areas of energy efficiency savings within their facilities and participate in the PNM Business Energy Efficiency Programs and/or the PNM Building Tune-up Programs to the fullest extent possible.

7. PRE AND POST INSPECTIONS

The PNM Building Tune-up team reserves the right to inspect and monitor all projects to verify compliance with the program rules, verify the accuracy of the 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. 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. PAYMENT PROCESS

The PNM Building Tune-up Program incentive will be paid directly to customers, unless the customer indicates a third party recipient. The customer must indicate the exact name of the designated payee and the appropriate tax identification number on the application. Payments will not be made until the proper project documentation is submitted to, and reviewed by, the PNM Building Tune-up team. All Final Applications must be fully completed with final documentation. Final Applications also require the signature of the customer and, if applicable, the designated third party recipient of the incentive.

To verify that the customer has paid for the work, invoices submitted for documentation purposes must be indicated as “paid” and itemized with the costs of equipment, labor, supplies, and other costs. In some cases, other forms of proof of payment may be required. W-9s are required for first time applicants.

The location or business name on the invoice must be consistent with the application information. Only expenses incurred during the term of the project can be considered. Applicants may be asked to provide more detailed information on the equipment location and to aid in the pre- and post-inspection process. Power or other operating measurements or monitoring may be required for verification of calculated energy savings prior to approval of incentive payments.

Incentives will be paid within four to six weeks after the PNM Building Tune-up team’s approval of the Final Application. In some cases, incentives checks may be hand delivered.

9. CHANGES TO THE APPLICATION OR DISCREPANCIES AFTER VERIFICATION

If the project scope has changed or Final Application funding request differs from the Pre-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 review by the PNM Building Tune-up team. If the

additional portion is approved and incentive funding is still available, the additional incentive amount will be added to the project total. If there is no incentive funding available or the applicant has otherwise met project caps, the excess incentive requested (or a portion thereof) will be denied. If the Final Application amount is a decrease from the reserved funding, the approved project will be paid at the lower amount.

If there are discrepancies between the Final Application and the PNM Building Tune-up team onsite 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 Building Tune-up team has not been notified of a dispute, the revised incentive levels will be confirmed, and the check issued.

10. DISPUTE RESOLUTION

The PNM Building Tune-up 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 Building Tune-up team immediately at (505) 938-9400.

11. BILLING RELEASE

The PNM Building Tune-up team keeps all customer information in confidence, unless given permission by the customer to release it. Third parties must acquire written authorization from the customer they are representing to receive billing data from PNM or from the PNM Building Tune-up 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
- Title of customer of record
- Customer account number for each property to be released
- Meter number
- Contact name for each customer account
- Address for each account number
- Contact information for each customer account (include phone and email)
- Signature customer of record
- Identification of third party to receive the information (company name, title, address)

12. TAX IMPLICATIONS

Incentives are taxable. If your incentive is greater than \$600, the PNM Building Tune-up 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 Energy Services USA, Inc. are not responsible for any taxes that may be imposed on your business as a result of your receipt of this incentive.

13. TERMINATION CLAUSE

The PNM Building Tune-up Program is subject to change due to New Mexico Public Regulation Commission or other regulatory agency orders or requirements. As such, PNM reserves the right to change or terminate the Program. Upon notification Trade allies are required to change or discontinue the use of the Program name, as directed by PNM. PNM and/or the PNM Program Administrator may terminate this Agreement at any time, with or without cause, upon written notification to Trade Ally. At PNM's discretion, Trade Ally may be permitted to complete projects in process.

14. DEFINITIONS

Building Size: One of three factors determine building size under the BTU Program: conditioned floor area

(ft²), annual energy use (kWh) or annual peak demand (kW).

Customer: The decision maker of a facility 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 Utilization Index (EUI): The EUI is expressed as energy per square foot per year. It's calculated by dividing the total energy consumed by the building in one year (measured in kBtu or GJ) by the total gross floor area of the building.

Final Application: The request for payment. The customer must submit a Final Application within the timeframes by program outlined in this document. The Final Application must include an original signature and all appropriate backup documentation, including detailed invoices.

Pre-application: The application process informing the PNM Building Tune-up team of your project plans for pre-approval based on customer eligibility and project requirements.

Retro-commissioning: A systemic process to improve the energy efficiency and operation of a building.

Savings Incentive: The savings incentive (rebate) is the amount to be paid to the customer (or third party) once the energy efficiency measure(s) have been installed and final project documentation has been approved.

Study incentive: The study incentives is the amount to be paid to the Trade Ally for time spent identifying and analyzing energy efficiency opportunities within a family. Study incentive levels are determined based on Tier 1 or Tier 2 participation and building size.

15. CONTACT INFORMATION

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