Business Instant Discount Program

Policy and Procedures Manual

Program Year 3
January 2019

Contents

1. Requirements

Business Instant Discount Program (BIDP) rules and regulations were established to allow the program to operate effectively. Participating Distributors (distributors) agree to follow the rules and regulations by signing an agreement; in exchange, they receive rebates for selling approved products. Established policies ensure that only eligible distributors can participate in the program; product manufacturers and installation contractors cannot become authorized distributors. Contractors may purchase products at a discounted rate through participating distributors. The criteria and requirements ensure that gray market or inefficient products do not receive rebates. Additionally, program processes exist to correctly document energy savings.

2. Distributors

Distributors are companies that deliver products to commercial and industrial customers or contractors. Distributors must purchase their products directly from a manufacturer. They must have a warehouse that stocks products that are sold to commercial, industrial and/or contractor customers. Distributors cannot install the products.

Outreach professionals dedicated to the Business Instant Discount Program work with the Consumers Energy Business Instant Discount Program Manager to engage potential distributors and build the closed network. Interested Business Instant Discount Program distributors must have a direct purchasing agreement with manufacturers. Eligible distributors are emailed a participation packet, which includes Transaction Form, New Product Submittal Form, Direct Agreement List and Additional Funding Form. They must complete the required documents in order to become a Business Instant Discount Program distributor.

Distributors are added to the program and listed on the Business Instant Discount Program Distributor Lists once they submit the required documentation, complete program training and are approved by Consumers Energy. During the program year, if a new distributor enrolls, there are program trainings conducted in person by an outreach professional. The outreach professionals ensure distributors have the tools and knowledge to support all aspects of the program portfolio.

Electronic links to the Business Instant Discount Program distributor lists are available on ConsumersEnergy.com/instantdiscount; Consumers Energy customers and contractors are referred to the website to locate participating distributors. The approved distributors are familiar with the Business Instant Discount Program and the entire Consumers Energy Business Energy Efficiency Program portfolio.

2.1. Memorandum of Understanding

Each distributor must fill out and submit a Memorandum of Understanding(MOU); it is imperative that they thoroughly understand its terms and conditions. This document allows us to process rebate reimbursements to the distributors. In addition to stating program rules, the document details end of program year requirements.

3. Products

Only products that meet Business Instant Discount Program criteria are eligible for rebates. Product categories and criteria ranges are established by the Consumers Energy Business Energy Efficiency Program. The criteria are based on current market efficiency offerings and the Michigan Energy Measure Database (MEMD). Products that meet program criteria are included in the Approved Products List (APL) and posted on the website.

New products can be added to the APL through the New Product Submittal Form (see Program Forms section). The APL is compiled and verified weekly. We refer customers and contractors to the APL to find qualified products available at participating distributor locations. Customers cannot be offered the discount if they are installing a direct replacement of the existing product. The product being purchased must be an enhancement from the original existing product. For example, the program will not reimburse LEDs replaced by lower wattage LEDs.

4. Program Forms

Once a distributor has signed the MOU, a Direct Agreement List needs to be completed and submitted. The Direct Agreement List confirms the manufacturer relationship with the Business Instant Discount Program Distributor. A current W9 should be provided as well.

Distributors and manufacturers are instructed to use the New Product Submittal Form to submit new products for the APL. The Business Instant Discount Program outreach lead sends the form to distributors to solicit submissions when distributors sign up as part of the participation packet for the program or upon request. Additional products can be added at any time.

Each participating distributor location is allotted $15,000. If a distributor location is close to reaching the $15,000 cap, a Funding Submittal Form can be filled out and sent to Consumers Energy Business Instant Discount Program staff. The program staff will review and determine if more rebates will be allotted to that distributor location. In order to be eligible for more rebates, Consumers Energy must receive and sign off on the Funding Submittal form.

5. Eligible Customers

For a business customer to be eligible to receive the discount on an approved product, the installation address of the business must fall within the Consumers Energy territory. The participating distributor will need to verify that the customer has an eligible commercial Consumers Energy account number. A customer lookup tool was created to help assist in verifying if customers are eligible for the discount. Each distributor will receive a login to Consumers Energy customer lookup tool. Every Transaction Form submitted for rebate reimbursement will be checked to make sure all customers are eligible. If approved products are sold to a customer that is not eligible, the distributor will not be reimbursed for that transaction.

To receive a discount on electric products, the customer must be a Consumers Energy business electric customer. To receive a discount on natural gas products, the customer must be a Consumers Energy business natural gas customer. Businesses ran out of residential offices are not eligible for discounts.

6. Database Tool

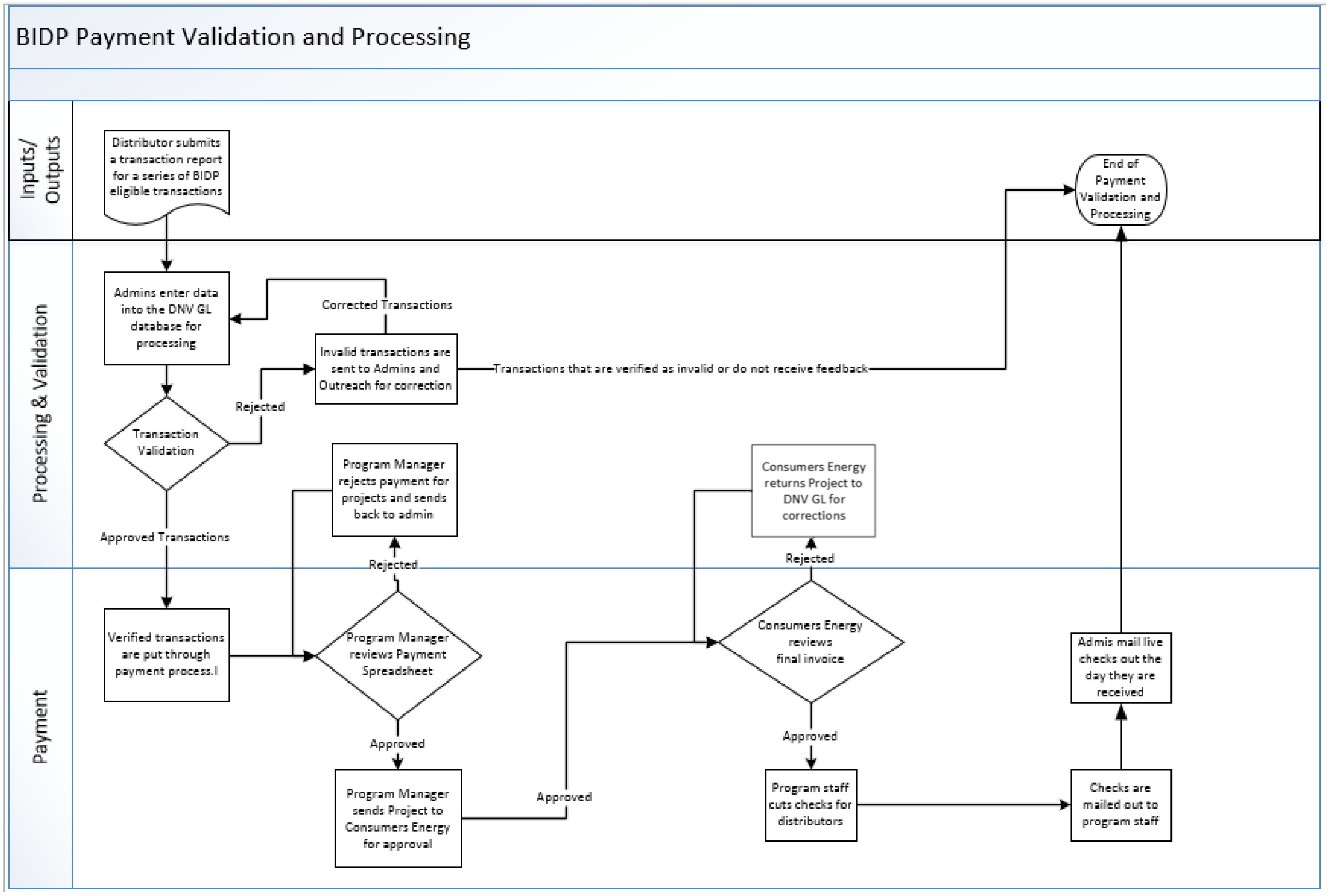
6.1. Overview

The BIDP database tool has four main functions: validation, calculations, payments and tracking. Each function requires tables and relationships to be in place. The most critical tables or reports in the database tool are the APL; distributor information, including weekly transactions table/queries, payments upload; and the Consumers Energy data export. Each of these tables/queries allows weekly transactions to process for payment.

7. Processing and Payments

The Business Instant Discount Program project coordinator receives distributor transactions via email and enters them into a master database as noted in Figure 1. The coordinator verifies the distributor eligibility as well as the submittal forms accuracy. During the application entry into the master database, the coordinator identifies whether a submittal form is missing any information to prevent a complete transaction. If a transaction submittal report is missing information, the coordinator uses a distributor contact process to request the needed documentation and encourage a timely response.

Figure 1



Transactions are processed weekly and uploaded to the Consumers Energy database. The database tool validates and compiles the data. Batch payments are processed weekly and mailed to distributors. This process takes place in parallel each week with the prescriptive and custom programs.

7.1. Rebates and Caps

Each BIDP Distributor location has a cap of $15,000 in rebates. If the approved distributor is close to reaching the cap, Consumers Energy must be contacted to allow for further rebate funding (See Program Forms section). The Distributor cannot provide a discount greater than 75 percent of the product price being offered to the customer. Additionally, eligible Business Instant Discount Program Distributors can receive a bonus based on the Business Instant Discount Program rebates they deliver. The bonus will be tiered based on distributor's participation and paid out quarterly. At the end of the quarter, transactions will be reviewed to determine savings achieved within the quarter to determine the bonus distributor may receive. Below is a chart with the three tiers and what savings level needs to be achieved to receive the bonus. Distributors are eligible to receive a bonus for a limited time. The bonus is subject to change. The Business Instant Discount Program bonus is forfeited for any transaction line items with missing or incorrect information. Transactions submitted 30 days after the invoice date will also be ineligible for a bonus. Late or incomplete transactions will be removed from the savings total used to determine tier level.

Bonus Tier	Electric Savings Required (by quarter)	Gas Savings Required (by quarter)	Bonus Percentage
Tier 1	>250 MWh and < 500 MWh	>500 MCF and < 1,000 Mcf	10%
Tier 2	> 500 MWh and < 1,000 MWh	>1,000MCF and < 2,000 Mcf	20%
Tier 3	> 1,000 MWh	>2,000 Mcf	30%

*For distributors that sell both natural gas and electric products; the distributor will be given a bonus which type has the highest tier reached.

8. Transaction Submissions

Distributors must submit their transactions, at the least, monthly by the 10th day of every month. If the 10th falls on the weekend, the prior Friday is the acceptable transaction report submittal date. Any transactions submitted after 30 days of the invoice date, may not be reimbursed. At the end of the program year, the invoice date must be no later than Dec. 15, 2019. Dec. 2019 transactions are due no later than Dec. 21, 2019. Requested invoices must be submitted within 5 days of request or transaction might not be reimbursed.

8.1. Invoices

Invoices will be required upon request. All invoices must clearly indicate the contractor or business customer received the discount for the product they purchased for the product on the Approved Products List. If the discount is not clearly on the invoice, the transaction form and invoice may be rejected. The rebate amount the distributor is requesting and discounted amount applied on the invoice must equal the same total. If discrepancies are found with transaction forms or invoices, additional invoices may be requested and must be submitted.

8.2. Returns

If a contractor or business customer returns any discounted products, the return must be filled out on the Transaction Form. Please see the return cases below:

Case 1: Sum total rebate is a positive rebate check amount - When a distributor submits returns with transactions and the total rebate is positive, a check for the difference will be issued to the distributor.

Case 2: Total rebate is a negative rebate check amount - When a distributor submits returns with transactions and the total rebates are negative, the database will show the distributor has a negative balance. In this case, a "credit" is created.   This value is tracked during the weekly QA/QC process and the total check rebates versus the database is calculated. Consumers Energy will not process and create a new check for the valid transactions until the "credit" is back to zero to ensure that a distributor does not get overpaid.

8.3. Exceptions

All exceptions must be approved by the operations manager in conjunction with the Business Instant Discount Program manager. Documentation of emails and decisions are tracked by transaction in the "notes" field in the database and locally on shared drives.

When the program manager approves exceptions for individual products, the decision is documented. Documentation of emails and decisions are tracked by transaction in the "APL table" in the database and locally on shared drives.

8.4. QA / QC

To verify distributor status, a distributor will fill out a Direct Agreement List identifying the manufacturers the distributor purchases products from. The coordinator will verify the relationship between the manufacturer and the distributor upon receiving transaction forms. If the manufacturer is not on the Direct Agreement List, the transaction form will be sent back.

Every product on the Transaction form will be verified it is on the APL. If a product is not on the APL, the transaction form will be sent back to the distributor as rejected. Corrections can be made and resubmitted.

All invoices will be checked to make sure the discount/rebate was applied to the approved products that were purchased.

The coordinator collects point of sale information for QA/QC purposes from distributors throughout the program year based on transaction unit size. The data is collected and given to the evaluators at the end of the program year. All QA/QCs will be done before the transactions are approved for payment. Below are the values for data collection:

- 100 percent of all transactions (report based) over 1,000 units (single transaction to a single customer)
- 50 percent of the transactions that are 500 units or higher
- 10 percent of the transactions that are 100 units or higher

Upon QA/QC, if any information is invalid or missing, the transaction may be removed from the form for reimbursement. QA/QC will also reach out to end users to verify the purchase and installation of products listed on the transaction form.

A location may also be selected for inspection. The field inspectors will verify the installation of all products found on the transaction form have been installed.

The products must be installed at the location provided on the transaction form. Products must be installed by customer or contractor within 60 days of purchase. Upon inspection, if discovered the product installed was the same as what was being replaced, the next transaction form received by that Distributor will reflect the discrepancy. If the field inspector finds any discrepancy, the reimbursement for that transaction will not be paid. Failing an inspection can also lead to more locations being inspected or termination of the MOU.

8.5. Payment

Distributors can submit transactions for payment on a weekly basis. All the eligible transaction rebate values are totaled together to create weekly checks for each distributor. The check amounts are entered in a payment processing system for Consumers Energy approval before the checks are produced. Additionally, eligible Business Instant Discount Program Distributors can receive a bonus quarterly. To receive the payment, transaction forms must be submitted by the 10th of the following month.