

# Business Instant Discount Program Policies and Procedures Manual

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**Submitted to:**

Consumers Energy

**Submitted by:**

DNV

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## Contents

|  |    |
|--|----|
| 1. Requirements.....                     | 3  |
| 2. Distributors.....                     | 3  |
| 2.1. Memorandum of Understanding .....   | 4  |
| 3. Products.....                         | 4  |
| 4. Program Forms.....                    | 5  |
| 5. Eligible Customers.....               | 6  |
| 6. BIDP Online Tool .....                | 6  |
| 7. Processing and Payments.....          | 7  |
| 7.1. Incentives and Caps.....            | 8  |
| 8. Transaction Submissions.....          | 9  |
| 8.1. Invoices .....                      | 10 |
| 8.2. Returns.....                        | 10 |
| 8.3. Exceptions.....                     | 10 |
| 8.4. QA/QC.....                          | 11 |
| 8.5. Inspections .....                   | 11 |
| 8.6. Payment .....                       | 12 |
| 8.7. Distributor Status .....            | 12 |
| 9. Permits and Municipal Inspection..... | 13 |

## 1. Requirements

The Consumers Energy Business Instant Discount Program (“BIDP” or “Program”) rules and regulations were established to allow the Program to operate effectively. Participating Distributors (“Distributor(s)”) agree to follow the rules and regulations spelled out in this Policies and Procedures document by signing a memorandum of understanding (MOU); in exchange, they receive reimbursement for incentives provided to Consumers Energy Commercial and Industrial end users purchasing 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 approved products (“Product(s)”) at a discounted rate through participating Distributors. The criteria and requirements ensure that gray market or inefficient products do not receive incentives. Additionally, Program processes exist to correctly document energy savings.

## 2. Distributors

Eligible Distributors are companies that deliver products to commercial and industrial customers or contractors to install at commercial or industrial locations. 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. Distributor’s primary source of revenue must be from the sale of products to commercial, industrial and contractor customers. A company whose primary source of revenue is the contracting of services is not eligible to participate as a Distributor in the Program.

Outreach Professionals dedicated to BIDP work with the BIDP manager to engage potential Distributors and build the closed network. Interested BIDP Distributors must have a direct purchasing agreement with manufacturers. Eligible Distributors are emailed a participation packet, which includes these Policies and Procedures, the MOU, a New Product Submittal Form, the Direct Agreement List and Additional Funding Request. They must complete the required documents in order to become a BIDP Distributor.

Distributors are added to the Program and listed on the BIDP Distributor lists once they submit the required documentation, are approved by Consumers Energy Program management, and complete Program training with a BIDP Outreach Professional. The Outreach Professionals ensure Distributors have the tools and knowledge to support all aspects of the Program portfolio.

Electronic links to the BIDP Distributor lists is available at:

[ConsumersEnergy.com/instantdiscount](http://ConsumersEnergy.com/instantdiscount).

Consumers Energy customers and contractors are referred to the website to locate participating Distributors. The approved Distributors are familiar with BIDP and the entire Consumers Energy Business Energy Efficiency Programs portfolio.

Consumers Energy Business Energy Efficiency Programs reserves the right to remove a distributor from participating in any Consumers Energy Energy Efficiency Programs should any conduct occur that has the potential to result in damages to a customer, another distributor, a Trade Ally or contractor or Consumers Energy and/or its reputation. Such behavior is defined but not limited to the following: willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, or fraudulent behavior that results in violation or misrepresentation of Consumers Energy or Consumers Energy's programs.

### **2.1. Memorandum of Understanding**

Each Distributor must fill out, sign and submit a MOU that states their agreement to abide by the terms and conditions listed. The MOU is also a statement that the Distributor will abide by the policies and procedures laid out in this document. It is imperative that Distributors thoroughly understand Program terms and conditions. This document allows the Program to process incentive reimbursements to the Distributors. In addition to stating Program rules, the document details end of Program year requirements.

## **3. Products**

Only products that meet BIDP criteria are eligible for incentives. Product categories and criteria ranges are established by the Consumers Energy Business Energy Efficiency Programs. 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 online tool.

New products can be added to the APL through the New Product Submittal Form (see Program Forms section). The New Product Submittal Form outlines the qualifications that must be met for the product to be added to the APL. The current APL can be found in the Midstream Tool, this can be exported to a spreadsheet document for your use. 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.

The New Product Submittal Forms should be filled out as completely as possible and emailed to: [businessinstantdiscount@cmsenergy.com](mailto:businessinstantdiscount@cmsenergy.com).

### **Product Guidelines**

- Only products listed on the Program's Approved Products List (APL) are eligible for incentives.
- The APL will be maintained on the BIDP online tool by Consumers Energy. The APL will be exportable from the online tool.
- The Distributor and/or their Product manufacturer will be responsible for submitting proposed Product updates to Consumers Energy for inclusion on the APL.
- Consumers Energy or its representative will, at their sole discretion, determine whether proposed Product updates comply with Program specification requirements. Only those Products determined to comply with Program specification requirements will be considered for APL inclusion.
- Consumers Energy or its representative will, at their sole discretion, establish and periodically amend the incentive level for each Product included on the APL. The incentive levels will be listed in the APL.
- Products must be ENERGY STAR® certified, DLC® Listed, or otherwise specified to be added to the APL. Products that do not fall into those categories are at Consumers Energy discretion to be considered for Approved Product List inclusion. Distributor may request approval of a non-DLC or non-ENERGY STAR product by submitting the request on the [Non-DLC and Non-ENERGY STAR Product Approval Form](#).
- Instant coupons, from any other utility-sponsored Program may not be applied for any Product that was sold through this Program or any other mark-down promotion, regardless of the sales date.

## **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. The Distributor's current W-9 must be provided as well.

Distributors and manufacturers are instructed to use the New Product Submittal Form to submit new products for the APL. A BIDP outreach professional 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. See section 3. Products for more details.

Each participating Distributor location is allotted \$15,000. If a Distributor location is close to reaching the \$15,000 cap, an Additional Funds Request can be submitted to BIDP staff. The Program staff will review and determine if more incentives will be allotted to that Distributor location. Consumers Energy must approve the Additional Funding Request before a Distributor will become eligible for more incentives.

## **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 Consumers Energy business account number. A customer lookup tool is provided within the BIDP online tool to assist in verifying if customers are eligible for the discount. Each Distributor will receive a login to the BIDP online tool. Every Transaction Form submitted for incentive reimbursement will be checked to make sure all customers are eligible. If 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 operating out of residential offices are not eligible for discounts.

## **6. BIDP Online Tool**

The BIDP online tool has four main functions: validation, calculations, payments and tracking. Distributors must use the BIDP online tool to submit transactions. Distributors should use the notes field to communicate any changes that are not accurately reflected in the tool so the QA/QC processor can verify and correct. The notes field may also be used to communicate any information that the QA/QC processor may need to process the submission including, but not limited to, capped transactions and late submittals (see section 8. Transaction Submissions for due dates).

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

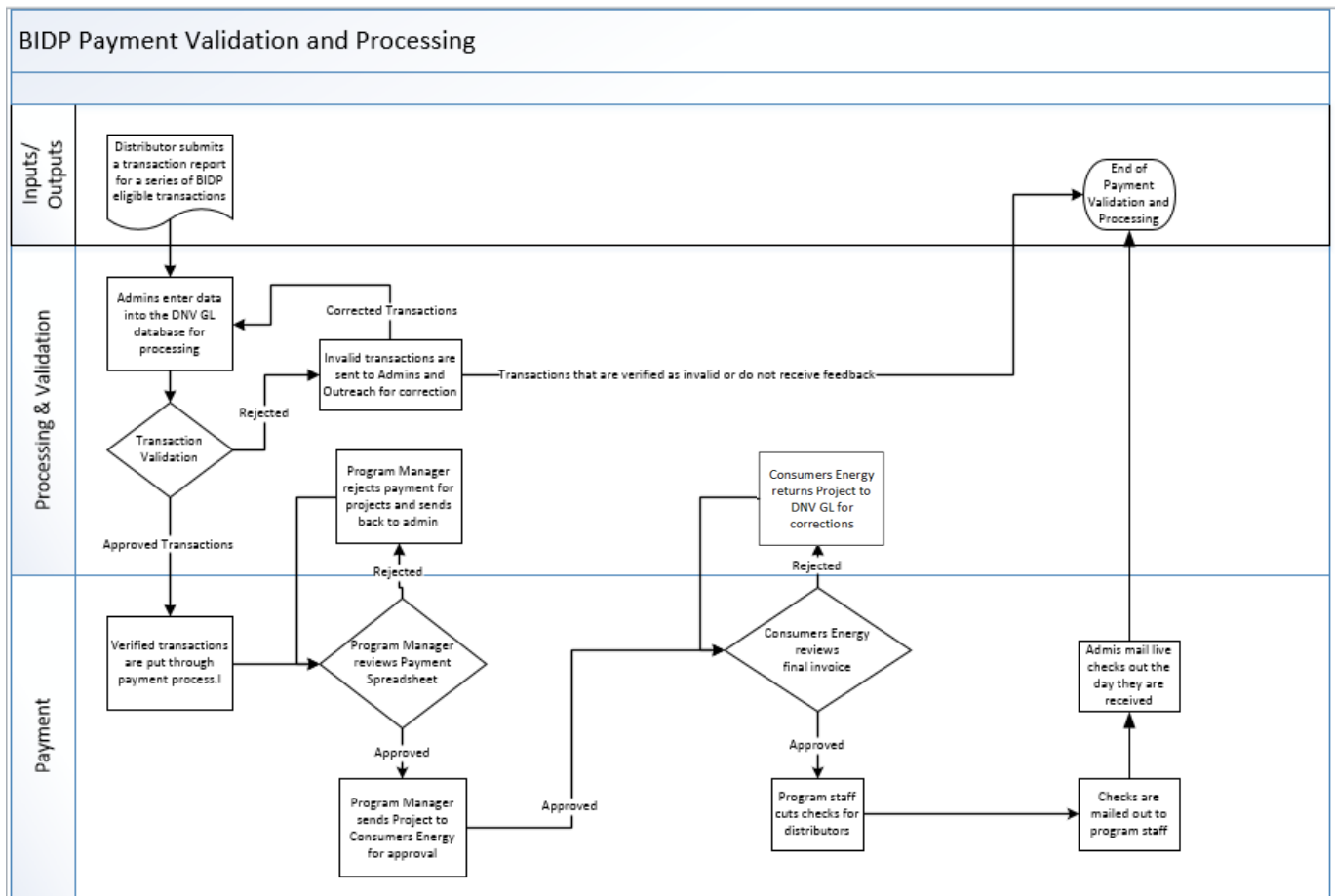
The BIDP project administration team receives Distributor transactions via the online tool and enters them into a master database as noted in [Figure 1](#). The team verifies the end user eligibility as well as the submittal forms accuracy. During the verification process, the team identifies whether a submittal is missing any information to prevent a complete transaction. If a transaction submittal is missing information, the processor uses a Distributor contact process to request the needed documentation and encourage a timely response to avoid delayed payment. The following information must be reported using the current Program year report template provided in the online tool:

- Invoice number
- Date of sale
- Date of invoice
- Product manufacturer
- Product catalog number
- Quantity of Product sold
- Retail cost of Product
- Incentive value per unit
- Total incentive requested
- Point of sale customer name and email address
- End-user name, address, city, state and zip code
- End-user contact name, phone number and/or email address
- Salesperson involved in the sale to the end user

All transactions must have end-user information to qualify for an incentive reimbursement.

Distributor must provide a copy of their W-9 form to Consumers Energy with the signed MOU for tax reporting purposes. Incentive payments will be withheld if the Distributor fails to submit required W-9 documentation.

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. Incentives and Caps

Each BIDP Distributor location has a cap of \$15,000 in incentives. If the approved Distributor is close to reaching the cap, Consumers Energy must be contacted to allow for further incentive funding (See Program Forms section). Distributor must provide Consumers Energy a monthly forecast, if requested.

The Distributor cannot provide an incentive greater than 100% of the Product price being offered to the customer. Distributor is required to notify the customer at the time of sale that Product pricing was subsidized by Program incentives.



Eligible BIDP Distributors may receive a bonus based on the BIDP incentives they deliver. The bonus will be tiered based on Distributor's participation and paid out quarterly. At the end of the quarter, transactions submitted within the quarter will be reviewed to determine the incentives paid within the quarter to determine the bonus Distributor may receive. Below is a chart with the three tiers and what incentive totals needs to be achieved to achieve each bonus level. The BIDP bonus is forfeited for any transaction line items with missing or incorrect information. Transactions submitted after the tenth of the month following the invoice date will also be ineligible for a bonus. Late or incomplete transactions will be removed from the savings total used to determine the bonus tier level.

| Electric Incentives Provided to Customers, Quarterly | Percent of Bonus Earned on Quarterly Incentives Sold |
|--|--|
| \$5,000 - \$9,999                                    | 5%   |
| \$10,000 - \$19,999                                  | 10%  |
| \$20,000 - \$70,000*                                 | 15%  |

\*Bonus capped at \$70,000 of electric incentives.

| Natural Gas Incentives Provided to Customers, Quarterly | Percent of Bonus Earned on Quarterly Incentives Sold |
|---|--|
| \$3,000 - \$4,999                                       | 10%  |
| \$5,000 - \$9,999                                       | 20%  |
| \$10,000 - \$30,000**                                   | 30%  |

\*\* Bonus capped at \$30,000 of natural gas incentives.

## 8. Transaction Submissions

Transactions must be submitted by Distributors on the tenth day of every month or within 30 days of the date of sale. If the tenth falls on a weekend or a holiday, the following Monday is the acceptable transaction report submittal date. For example, if the invoice is dated Jan. 15, 2021 it must be submitted by Feb. 10, 2021. Consumers Energy retains the right to decline incentive reimbursement requests received outside the current submittal month.

Any late transactions submitted may not be reimbursed. At the end of the Program year, the invoice date must be no later than Dec. 15, 2021. **December 2021 transactions are due no later than Dec. 21, 2021.** Requested invoices must be submitted within five days of request or transaction may not be reimbursed.

## 8.1. Invoices

Invoices will be required upon request. All invoices must clearly indicate the contractor or business customer that received the discount for the Product they purchased. Distributor must clearly state the discount is from Consumers Energy. For example, the line item on the invoice should state:

"Consumers Energy Incentive \$XXXX"

If the discount is not clearly stated on the invoice, the transaction may be rejected. The incentive 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 along with their regular submissions. Returns should be entered with a negative Product quantity. Please see the return cases below:

**Case 1: Net total incentives result in a positive balance** - When a Distributor submits returns with transactions and the total incentive is positive, a check for the difference will be issued to the Distributor.

**Case 2: Net total incentives result in a negative balance** - When a Distributor submits returns with transactions and the total incentives are negative, the database will show the Distributor has a negative balance. In this case, a debit is created. This value is tracked during the weekly QA/QC process and the total check incentives versus the database is calculated. Consumers Energy will not process and create a new check for the valid transactions until the balance is back to zero to ensure that Distributor does not get overpaid.

## 8.3. Exceptions

All exceptions must be approved by the operations manager in conjunction with the BIDP manager. The BIDP team will notify the Distributor if the exception has been approved or not approved. Exceptions will be needed for late submissions to be paid, please use the notes section in the tool to explain why invoices are being submitted past the due date.

#### **8.4. QA/QC**

To verify Distributor status, a Distributor will fill out a Direct Agreement List identifying the manufacturers from which the Distributor purchases its Products. Program staff 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 that 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.

Invoices will be requested and checked to make sure the discount/incentive was applied to the Products that were purchased. The invoices must clearly state the discount or incentive came from "Consumers Energy". It cannot state "CE" or any other variations. An ENERGY STAR® discount or incentive is not acceptable either.

Program staff 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 must be completed before the transactions are approved for payment.

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.

#### **8.5. Inspections**

A location may also be selected for inspection. The field inspectors will verify the installation of all Products found on the Transaction Form. The Products must be installed at the location provided on the Transaction Form. Products must be installed by customer or contractor within 90 days of purchase. Upon inspection, if it is discovered that the Product installed was the same as what was being replaced, the transaction that failed the inspection will be removed from the next Transaction Form received by that Distributor. For example, if the customer already has LEDs installed and replaces them with LEDs, the inspection would not pass.

Distributors must confirm with the customer what the existing equipment is and only offer discounts on the energy efficiency upgrades. If the field inspector finds any discrepancy, the reimbursement for that transaction will not be paid. If the reimbursement has already been paid it will be removed from the next transaction submission received from the Distributor. Failing an inspection can also lead to additional inspections of other locations or termination of the MOU.

## 8.6. Payment

Distributors may submit transactions for payment as often as they would like. All the eligible transaction incentive 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 BIDP Distributors may receive a bonus quarterly. To receive the payment, transaction forms must be submitted by the tenth of the following month.

## 8.7. Distributor Status

To remain a Consumers Energy Business Instant Discount Program Distributor in good standing, a Distributor must complete at least one paid project per Program year and the Distributor must comply with all guidelines and requirements as stated in this Policies and Procedures Manual. Failure to do so may lead to removal as a participating Distributor, probation or, in severe circumstances, removal from the Consumers Energy Business Instant Discount Program completely.

### Criteria for removal:

A Distributor will be subject to complete removal from the Program based on the severity of the concern, or an accumulation of frequent, less severe concerns. We classify these concerns as follows:

- I. **Highly severe concern.** Items that may result in financial, legal and/or other risks to the Consumers Energy BIDP and/or Consumers Energy customers. The following are examples that are considered highly severe concerns and may lead to immediate removal from the Program:
  - A. Fraud or misrepresentation on the part of the Distributor.
  - B. Refusal to honor warranties.
  - C. Violations of Michigan or local laws; for example, those concerning hazardous waste disposal.
- II. **Severe concern.** Items where customer satisfaction may be negatively impacted if not addressed. The Consumers Energy BIDP will give the Distributor a reasonable timeframe to resolve the issue. If the issue is not resolved satisfactorily or is repeated thereafter, the Distributor may be removed from the Program. The following are examples that are considered severe concerns:
  - A. Providing inaccurate information.
  - B. Three failed final inspections within a Program year. A failed inspection is defined as an inspection where the Product was not installed, purchased for backstock, there is not an installation plan, or a like-for-like replacement of existing equipment.

- C. Failure to resolve failed inspection items or customer complaints within fourteen (14) calendar days.
  - D. Installations that do not meet Program specifications and installation standards.
  - E. Receipt of two or more customer complaints within a Program year.
- III. **Administrative/cumulative concern.** Items where a Distributor fails to adhere to stated Policies and Procedures and/or reasonable standards of professional conduct, which may not be widely visible to the customer. These situations will be monitored, and the Distributor will be put on probation. Meaning further disregard for the Program's Policies and Procedures or standards of professional conduct may result in Distributor status removal.
- A. For example: Submitting incomplete or incorrect documentation that leads to file inaccuracies and/or delayed processing time on more than one occasion. Distributors with ongoing or current Program concerns (I, II, or III) in the past 12 months are not eligible for participating Distributor status.

**Disciplinary Process:**

- I. Upon identification of an issue or concern, the Consumers Energy BIDP staff will communicate the concerns to the Distributor as soon as is practicable or once all evidence or facts have been obtained. Communication will be by phone and/or in-person, followed by written documentation sent to the Distributor via standard mail and/or email. For highly severe concerns, the written document may be delivered by Program staff to confirm proof of receipt.
- II. The Consumers Energy BIDP staff will create a written record, a copy of which will be placed in the Distributor's file and/or the Program database.

## **9. Permits and Municipal Inspection**

- I. It is the customer's and/or the contractor's responsibility to adhere to local codes and ordinances. It is their sole responsibility to acquire all necessary permits and required inspections by the local government.