

Incentive Structure

- Incentives launched in March 2006
 - Prescriptive
 - Custom
 - Energy studies
 - EIS
- Key Parameters
 - TRC, caps on incremental costs, annual customer caps

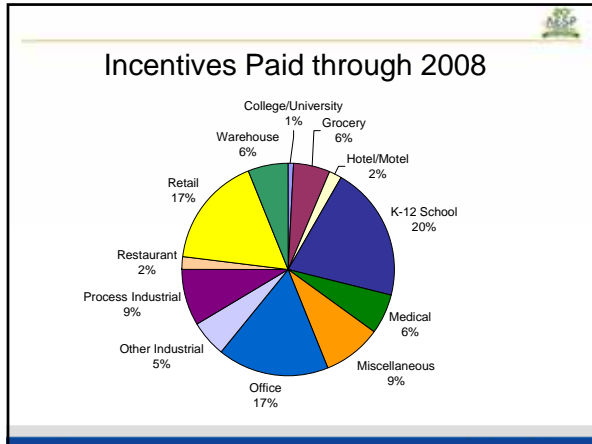
Early Results

- Emphasized low hanging fruit
- Majority of applications from managed accounts in beginning
- Lighting – easiest to sell


Year	Key Account (MWh)	Other Customers (MWh)
2006	~10,000	~5,000
2007	~50,000	~25,000
2008	~80,000	~50,000

Incentives Paid by Measure (through 12/08)

Measure	Incentives Paid (\$)
Lighting	~\$5,800,000
Cooling	~\$2,600,000
HVAC	~\$200,000
Motors	~\$1,600,000
Refrigeration	~\$400,000
Custom	~\$900,000
Studies	~\$100,000



- ### Program Challenges
- Anticipated barriers
 - New construction results take time
 - Small businesses difficult to reach
 - Unanticipated challenges
 - Proposed program enhancements took 1 ½ years to approve
 - Economic slowing reduced capital budgets

- ### Digging Deeper
- Express Solutions launched
 - Trade Ally focus sharpened
 - Education tailored to specific trends, opportunities
 - Marketing initiatives refined
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Express Solutions

- Brings energy efficiency directly to small business
 - Address the cost, hassle barriers
- Higher incentive, lower marketing costs
 - Contractors key sales force
- Slow initial uptake, participation now strong
 - Core # of contractors understand how to sell
 - Process kinks ironed out

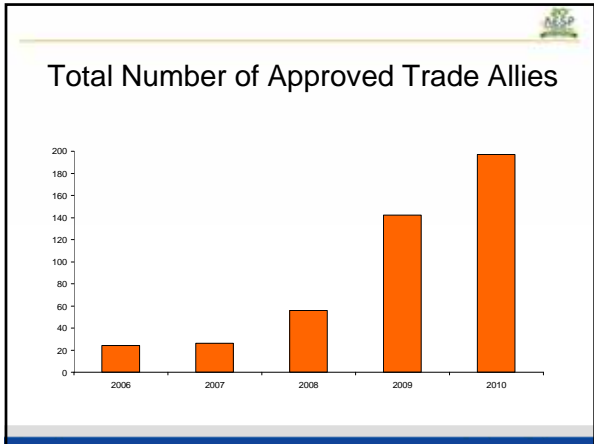
Express Solutions Participation is Growing Rapidly

Month	Proposed	Paid
May 2009	5	0
June 2009	20	0
July 2009	10	5
August 2009	45	10
September 2009	30	25
October 2009	50	15
November 2009	75	25
December 2009	60	10
January 2010	45	40
February 2010	55	90
March 2010	85	100

Honing the Trade Ally Strategy

- Early emphasis on recruiting, educating on program basics
- Broad awareness no guarantee of participation
 - 200 companies trained by 2008
 - 56 approved Trade Allies
 - Only 20% submitted a rebate application





- ### Increasing Quality Participation
- New emphasis on support
 - Tighten up requirements
 - Develop basic marketing tools
 - Provide more education
 - Implement recognition activities
 - Impact on quality of applications

- ### Trade Ally Benefits
- Education
 - Discount on training workshops
 - More program re-training
 - Boot Camp: intensive half-day required workshop
 - Quarterly e-newsletter
 - Marketing collateral
 - Web listing
 - Recognition



Fast Track to Energy Efficiency

"Short track" approach

- APU makes it easier for small businesses to improve energy efficiency with the "Short Track" approach.
- How Easy is it?
 - 1. Make an appointment with an APS representative (or contact us for more information).
 - 2. Program assessment and/or design.
 - 3. APS representative will visit your site.
 - 4. APS representative will contact you for more information.
- Why Should I Participate?
 - 1. Free energy audit and/or design.
 - 2. Free energy efficiency audit.
 - 3. Free energy efficiency audit.
 - 4. Free energy efficiency audit.
 - 5. Free energy efficiency audit.
 - 6. Free energy efficiency audit.
 - 7. Free energy efficiency audit.
 - 8. Free energy efficiency audit.
 - 9. Free energy efficiency audit.
 - 10. Free energy efficiency audit.

APS Solutions for Businesses
www.aps.com/Businesses-Website

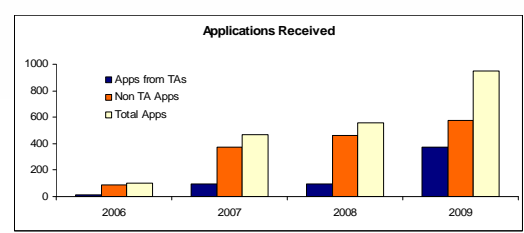
They're serious about saving energy. Are you?

Have you taken the time to audit your energy usage? APS is now offering a free energy audit to small businesses. APS will assess your energy usage and help you identify areas for improvement. APS will also provide you with a list of energy-saving tips and recommendations. APS will also provide you with a list of energy-saving products and services. APS will also provide you with a list of energy-saving contractors and suppliers. APS will also provide you with a list of energy-saving grants and incentives.

APS Solutions for Businesses
www.aps.com/Businesses-Website


More Applications Coming through Trade Allies

Applications Received




Year	Apps from TAs	Non TA Apps	Total Apps
2006	~50	~100	~150
2007	~100	~350	~450
2008	~100	~450	~550
2009	~350	~550	~900

APS Solutions for Businesses
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Tailoring Customer Education

- Building on robust technical training program
 - Provide laptops at trainings
- Free benchmarking seminars for local gov't, schools
- Partner with local BOMA chapter to train members, others on benchmarking
 - Support for kilowatt crackdown




Training Topics

• Audits and Simulations	• Data Centers
• Benchmarking	• Energy Efficiency Tax Credits
• Retro-Commissioning	• Energy Planning for Business, Schools, Government, Healthcare
• Motors	• Commercial Qualified Contractors (HVAC) with ACCA-AZ
• Lighting	• Certified Energy Manager with AEE-AZ
• Chillers	• LEED Training (support)
• HVAC	
• Pumps	
• Energy Management Systems	
• Compressed Air	
• Energy Information Services	



Customer Education: Larger Workshops

- Two workshops on ARRA funding: schools and gov't
 - Statewide invitation
 - National, local speakers
 - Sessions on energy projects, grant application tips
- Assist process
 - Support for grant applications, implementation




Refining Our Marketing Initiatives

- Focused on core industry journals, Chamber of Commerce for print ads, editorial contributions
- Targeted radio ad campaign
- Experimented with movie theater ad
- Conducted focus groups
 - Small/medium businesses, Trade Allies




More than a Rebate: 2010

- Switch from \$ to kWh goal
- Ambitious kWh goal (60% increase) requires even more creativity
- Identifying flexibilities to reduce barriers
 - What prevents customer from applying?
 - Can we eliminate/reduce process obstacles?




Trying New Options

- New in 2010
 - Financing for small business, schools, municipalities
 - HVAC Tune Up: revamped incentive
 - Whole building incentive for owners and design team




2010 Marketing Strategies

- Continued market segmentation
 - Revising program website
- Emphasizing technical assistance and personal outreach
- Bundling measures, rather than creating niche programs
 - IT solutions
 - Pool pumps



2011 and beyond

- Redefining the caps
 - Customer
 - Measure
- Redefining “small business”
- Adding new measures
- Expanding financing



Questions?

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