`1DEPARTAMENTO DE ESTADO

Número: 7792
Fecha: 12 de enero de 2010
Aprobado: Hon. Kenneth D. McClintock
Secretario de Estado

Por: Eduardo Arosemena Muñoz
Secretario Auxiliar de Servicios

PUERTO RICO INFRASTRUCTURE
FINANCING AUTHORITY
Commonwealth of Puerto Rico

GOVERNMENT OF PUERTO RICO

PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY

AMERICAN RECOVERY AND REINVESTMENT ACT

STATE ENERGY PROGRAM REGULATION

RECOVERY.GOV

TABLE OF CONTENTS

Page

CHAPTER ONE INTRODUCTION AND BACKGROUND 5

I. Title and Introduction 5
II. Legal Basis 8
III. Purpose 8
IV. Applicability 9
V. Definitions 9
VI. Other Provisions 11
6.1. Applications 11
6.2. Application Documents 12
6.3. Evaluation Committees 12
6.4. Selection Process 13
6.5. New Equipment 16
6.6. Energy Conservation Plan 16
6.7. Proven Technology 17
6.8. Warranties 17
6.9. Installations 17
6.10. Permanence 18
6.11. Inspectors and Energy auditors 18
6.12. New Projects 19
6.13. Deed Restrictions 19
6.14. Tenants 19
6.15. Homeowner Associations 20
6.16. Other Grants or Assistance 21
6.17. PREPA Bills 21
6.18. Location 22
6.19. Fraud 22
6.20. Davis Bacon Act 22
6.21. Unforeseeable Circumstances 23

CHAPTER TWO SUN ENERGY PROGRAM 24

I. Type of Awards 24
II. Definitions 24
III. Eligibility 25
IV. Requirements for Equipment, Components and Installers 26
V. Exclusions and Restrictions 28
VI. Eligible Project Costs 29
VII. Application Procedure 30
VIII. Additional Conditions 35
IX. Failed Inspections 36

CHAPTER THREE BUILDING ENERGY EFFICIENCY RETROFIT

PROGRAM ..... **ERROR! BOOKMARK NOT DEFINED.**

I. Type of Awards 38
II. Definitions 38
III. Eligibility 39
IV. Exclusions and Restrictions 40
V. Ineligible Facilities 41
VI. Eligible Retrofit Measures 42
VII. Ineligible Retrofit Measures 44
VIII. Eligible project costs 44
IX. Application Procedure 45
X. Energy Audit Requirements 50
XI. Additional Conditions 51
XII. Failed Inspections 52

CHAPTER FOUR SOLAR WATER HEATER REBATE PROGRAM 54

I. Type of Awards 54
II. Definitions 54
III. Eligibility 54
IV. Requirements for Equipment, Components and Installers 55
V. Exclusions or Restrictions 56
VI. Application Procedure 56
VII. Failed Inspections 60

CHAPTER FIVE AGRICULTURE RENEWABLE ENERGY PROGRAM 62

I. Type of Awards 62
II. Definitions 62
III. Eligibility 63
IV. Requirements for Equipment, Components and Installers 64
V. Exclusions and Restrictions 67
VI. Eligible Project Costs 69
VII. Application Procedure 70
VIII. Additional Conditions 75
IX. Failed Inspections 76

CHAPTER SIX WIND ENERGY PROGRAM 78

I. Type of Awards 78
II. Definitions 78
III. Eligibility 78
IV. Requirements for Equipment, Components and Installers 79
V. Exclusions and Restrictions 81
VI. Eligible Project Costs 83
VII. Application Procedure 84
VIII. Additional Conditions 88
IX. Failed Inspections 89

CHAPTER SEVEN OTHER PROVISIONS AND EFFECTIVENESS 92

I. Interpretation 92
II. Filing of Complaints 93
III. Effectiveness 94

Chapter One

INTRODUCTION AND BACKGROUND

I. Title and Introduction

This regulation shall be known as the "State Energy Program Regulation."

The Puerto Rico Infrastructure Financing Authority (AFI, for its Spanish acronym) was created with the purpose of assisting other infrastructure government entities to finance and develop their capital improvement programs and other infrastructure projects. Since its creation in 1988, AFI has developed knowledge and expertise in managing projects throughout Puerto Rico. AFI has also developed sufficient expertise in financing these projects.

On March 9, 2009, Act No. 8 (Act No. 8) was enacted to amend AFI's organic act and designated AFI as the government entity in charge of implementing in Puerto Rico the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA was signed into law by President Barack Obama to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to

increase economic efficiency by spurring technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and, to stabilize State and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

As part of the obligations of AFI under Act No. 8 in implementing ARRA in Puerto Rico, AFI has the duty to ensure the maximization of the funds to be received by Puerto Rico and to take all necessary steps to comply with ARRA and any terms and conditions imposed by particular grants allocated to Puerto Rico, including attaining full transparency in the use of the funds.

One of the programs under which Puerto Rico has received ARRA funds is the State Energy Program (ARRA-SEP) administered by the United States Department of Energy (DOE). The goals established for the ARRA-SEP are:

1. Increase energy efficiency to reduce energy costs and consumption for consumers, businesses and government.
2. Increase energy generation from renewable sources.
3. Reduce reliance on imported energy.
4. Improve the reliability of electricity and fuel supply and the delivery of energy services.
5. Reduce the impacts on the environment of energy production and use, including, reducing greenhouse gas emission.
6. Stimulate the creation and retention of jobs.

Under this program, the Puerto Rico Energy Affairs Administration (EAA) has created the various sub-programs, among others, to provide rebates for the purchase and installation of solar energy systems, solar water heaters and wind energy systems, and for the retrofitting of buildings to make them more energy efficient. Pursuant to Act No. 8 and in accordance with a subgrantee agreement executed between AFI and the EAA, AFI has become EAA's subgrantee of approximately $23,000,000 under ARRA-SEP

for these programs and for their implementation and management.

This Regulation is one of the steps in the implementation process to facilitate the achievement of the goals mentioned above.

II. Legal Basis

These guidelines are issued in accordance with and pursuant to the powers conferred to AFI under Section 7 of Act No. 44 of June 21, 1988, as amended; Act No. 8 of March 9, 2009; and Act No. 170 of August 12, 1983, as amended.

III. Purpose

The purpose of this regulation is to create parameters, mechanisms and standard criteria for implementing the Sun Energy Program, the Building Energy Efficiency Retrofit Program, the Solar Water Heater Rebate Program, the Agriculture Renewable Energy Program, and the Wind Energy Program under ARRA-SEP in Puerto Rico. This document states the criteria for identifying potential eligible participants, selecting applicants and stating the process to request rebates.

IV. Applicability

This Regulation shall be applicable to AFI and the general public, including individuals and legal entities, in the process of submitting, evaluating and selecting applications to receive assistance under any of the ARRA-SEP programs included herein.

V. Definitions

The following terms used in this Regulation shall have the meaning ascribed to them as follows, unless otherwise defined in any particular Chapter hereto:

5.1. **Applicant** is the owner of the property where the proposed Project for a rebate will be performed. The owner can designate, in writing, a third party to act as the Applicant. An Applicant is responsible for the development and submission of all application materials and will be the main contact for AFI.

5.2. **Application Documents** shall mean all forms and documents to be completed and submitted by Applicants to request a rebate under any of the ARRA-SEP programs included in this Regulation.

5.3. **Commercially available** shall mean that the product can be acquired through typical procurement processes.

5.4. **Energy Conservation Plan** shall mean the energy conservation plan to be submitted by government entities to the Energy Affairs Administration pursuant to the Executive Order No. 2009-004.

5.5. **Facility** shall mean a property under the same owner with a single electrical power utility meter and upon which the equipment or systems will be installed or the measures made to receive a rebate pursuant to this Regulation.

5.6. **Homeowner** shall mean the owner of a single stand-alone residence in Puerto Rico.

5.7. **Load side** shall mean the cables in an electric power utility meter that are connected after the metering device towards the building, facility or load.

5.8. **PREPA** shall mean the Puerto Rico Electric Power Authority.

5.9. **Proven Technology** shall mean a technology or system that is documented to have been commercially available for at least one (1) year with enough technical documentation supporting its accuracy, reliability and energy savings and is duly certified by the EAA, if applicable.

5.10. **Tenant** shall mean a person (natural or legal) that uses or occupies a Facility and pays rent for such use or occupancy in a Facility that is owned by another person.

VI. Other Provisions

6.1. Applications

Only one (1) application shall be submitted per Facility. Duplicity of applications for a single Facility will result in the automatic disqualification of both applications.

6.2. **Application Documents**

Application Documents for the programs included in this Regulation can be picked up at:

AFI
Capital Center, North Tower
16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

They may also be downloaded at: www.aae.gobierno.pr/sep/application

AFI will issue standard forms and standard agreements to be executed by Applicants as part of the Application Documents in compliance with the requirements of this Regulation. These forms may be modified from time to time as may be necessary to best reach the goals of the ARRA-SEP and this Regulation.

6.3. **Evaluation Committees**

a. AFI will evaluate all applications received as of the closing of each period in the dates stated below. Such evaluations will be performed by a group of employees and external technical

consultants designated by AFI. The evaluation performed will determine the eligibility in accordance with the program for which the application is submitted and will verify the compliance with the requirements specified for such program in this Regulation.

b. AFI employees and external technical consultants that are members of the committees reviewing and approving applications may not participate in any of the programs.

6.4. **Selection Process**

a. Applications will be evaluated in consecutive monthly evaluation periods until September 30, 2010 (or any such date beyond September 30, 2010 as may be approved by the U.S. Department of the Energy) or the date when the funds shall have been exhausted, whichever occurs first. Determinations concerning rebate awards will be made after each application period closes and all

applications for such period are received and evaluated. Awards will be made based on each program's criteria as stated in this Regulation.

b. An Applicant can submit more than one application in each application period. Each application shall consist of only one Project or Facility. If an individual, organization, company or government agency submits more than one application in the same application period, the first application submitted will be evaluated and the others will be placed on a waiting list. If multiple applications were submitted at the same time, Applicant will have to identify the priority preferences. Otherwise, AFI will consider first the application of the biggest, most comprehensive Project. After all applications from all Applicants not on the waiting list are evaluated and rebates allocated, if there are sufficient remaining funds,

AFI may determine to consider the applications placed on the waiting list in the order they were received or may wait until the next period. If an individual, organization, company or government agency has more than one application remaining on the waiting list, the first application submitted will be evaluated and the others will be placed on a second waiting list and in accordance with the priority preference submitted by the Applicant or the biggest, most comprehensive Project, as indicated above. This process will be repeated in each application period until all funds are expended.

c. **When all funds are expended, the remaining applications will be placed on a final waiting list. If additional ARRA funds for these types of projects become available at some point, Applicants will be notified in order to confirm if they are still interested in**

receiving funds. Applications will be evaluated for possible rebates in the order they were received.

6.5. **New Equipment**

All equipment and Major Components installed under the programs included in this Regulation shall be new. Rebuilt, refurbished or relocated equipment do not qualify for rebates.

6.6. **Energy Conservation Plan**

Government entities that are required to submit an Energy Conservation Plan to EAA shall have submitted their Plan to EAA by the date the application is submitted to AFI under any of the programs under this Regulation. All Government entities shall submit with their Application Documents a Certificate of Good-Standing with the EAA regarding the Energy Conservation Plan. Government Application Documents without a Certificate of Good-Standing with the EAA shall be considered incomplete.

6.7. **Proven Technology**

Only Proven Technology systems will be eligible for rebates. Pilot or demonstration systems are not eligible for rebates.

6.8. **Warranties**

Installations must have a minimum five (5) year warranty. All equipment and Major Components installed under the programs included in this Regulation shall have a minimum warranty as required by EAA's Regulations for Renewable Energy Systems.

6.9. **Installations**

Installations must meet all applicable federal, state, local codes, certifications and standards and adhere to Puerto Rico's building permit processes and regulations. Applicable codes include EAA's Regulations for Renewable Energy Systems.

6.10. **Permanence**

Only permanent systems are eligible for rebates. Physical permanence is shown by equipment secured to a permanent surface using fasteners or other fittings standard to the industry. Any installation that shows signs of portability (unsecured equipment, quick disconnects, others) will not qualify for rebates. Applicant or owners, at the time of removal, shall notify AFI in writing if for any reason the system has to be removed within ten (10) years after payment of rebate by AFI. AFI reserves the right to verify system permanence with a site inspection. Failure to comply with these requirements shall entail a repayment of the full amount of the rebate that shall become due and payable to AFI.

6.11. **Inspectors and Energy auditors**

Inspections and energy audits under any of the programs included in this Regulation shall be performed by a Professional

Engineer or Registered Architect with an active license in Puerto Rico.

6.12. **New Projects**

Rebates only apply to new Projects that have not been constructed as of the date when Applicant submits the Application Documents. Rebates will not be offered retroactively.

6.13. **Deed Restrictions**

Rebates will not be granted where deed restrictions prohibit the installation of equipment contemplated under the applicable Program.

6.14. **Tenants**

Tenants of a Facility can apply for rebates as long as they have the owner's permission in writing included as part of the Application Documents and the Applicant is the person or entity that pays the electricity bill. Also, the rebate's treatment as for Homeowners Facility, Business Facility, or Government

Facility, as applicable, and maximum amount as stated for each program, will depend on the person or entity that pays the electric bill at the time of the application.

6.15. **Homeowner Associations**

For residential buildings and mixed-use residential buildings, only installations or measures for common areas are eligible. Application Documents must be completed and submitted by the Homeowners' Associations, provided that the association complies with requirements to act on behalf of members as provided under the applicable local condominium laws and regulations, constituent deed and/or association bylaws. A certified resolution or any other applicable document evidencing such compliance and permission for the installation of the new system or equipment shall be submitted with the Application Documents. This type of application will be considered to be a Homeowner's application. Commercial areas in one of the aforementioned building types are not eligible for rebates.

6.16. **Other Grants or Assistance**

Unless otherwise stated in any particular program under this Regulation, rebates cannot be combined or supplemented with any energy program tax credits, including those under Act No. 248 of 2008 or other local energy program incentives. Additionally, Rebates cannot be combined with any other ARRA energy program grants, except for the ARRA-SEP Revolving Loan Program.

In no case should a Project receive total incentives that exceed the overall total Project cost. Applicants are required to reveal information about other incentives programs in which the submitted Project will participate. Failure to comply with this requirement shall entail a repayment of the full amount of the rebate that shall become due and payable to AFI.

6.17. **PREPA Bills**

By accepting a rebate from any of the ARRA-SEP programs, Applicants commits to submit to AFI

copies of the electric utility bills corresponding to the six (6) months following the installation of the applicable equipment or system. Applicant's acceptance of a rebate shall also be deemed to constitute an authorization to AFI to request from PREPA original duplicates of such electric utility bills.

6.18. **Location**

Only Projects for Facilities located in Puerto Rico are eligible for rebates.

6.19. **Fraud**

If there is suspicion of fraud in any application or submittal process, AFI reserves the right to prohibit the responsible party from participating in any of the ARRA-SEP programs or in other ARRA program implemented by AFI.

6.20. **Davis Bacon Act**

All laborers' wage rates shall be no less than the locally prevailing wage and fringe

benefits paid on projects of similar character as stated on the Davis-Bacon Act. The Davis-Bacon Act directs the U.S. Secretary of Labor to determine wages to be paid to various classes of laborers according to location. Such wages indicated by the Secretary of Labor can be found at http://www.wdol.gov.

6.21. **Unforeseeable Circumstances**

If during the construction process circumstances arise that require changes to the systems or equipment described in the Rebate Reservation Form, the Applicant must notify AFI in writing. AFI will evaluate if the changes require a new application or a modification to the Rebate Reservation Notice Letter.

Chapter Two

SUN ENERGY PROGRAM

I. Type of Awards

AFI anticipates awarding grants in the form of rebates as stated in this Chapter Two.

II. Definitions

The following terms used in this Chapter shall have the meaning ascribed to them as follows:

2.1. **Major Components** shall mean photovoltaic panels and inverters.

2.2. **Project** shall mean a Solar Energy System installed in an eligible Facility.

2.3. **Solar Energy System** or **SES** shall mean a complete and functional Solar Photovoltaic System that has been installed by an EAA Certified Renewable Energy Systems Installer.

2.4. **Solar Photovoltaic System** shall mean a renewable energy system that uses solar cells to convert sunlight into electricity.

2.5. **Wattage rating** shall mean the Standard Test Conditions (STC) power rating indicated on the nameplate of a photovoltaic module.

III. Eligibility

3.1. To the extent funds are available, Puerto Rico Homeowners, organized businesses operating in Puerto Rico, and Government of Puerto Rico entities are eligible to receive a one-time rebate for a portion of the costs of a new, properly installed and functional SES.

3.2. Homeowners will be eligible to receive a rebate for the purchase and installation of a new SES at four dollars per watt ($4/watt) based on the total Wattage Rating up to fifty percent (50%) of the cost of the SES with a maximum rebate of fifteen thousand dollars ($15,000) per SES per Facility.

3.3. Businesses (for profit and not for profit) will be eligible to receive a rebate for the purchase and installation of a new SES at four dollars per watt ($4/watt) based on the total Wattage Rating up to fifty percent (50%) of the cost of the SES with a maximum rebate of one hundred thousand dollars ($100,000) per SES per Facility.

3.4. Government entities will be eligible to receive a rebate for the purchase and installation of a new SES at eight dollars per watt ($8/watt) based on the total Wattage Rating with a maximum rebate of one hundred thousand dollars ($100,000) per SES per owned or occupied/used Facility.

IV. Requirements for Equipment, Components and Installers

4.1. Major Components must be EAA certified. See http://www.ads.gobierno.pr/Programa PV AAE/index files/page0002.htm for a list of EAA certified components.

4.2. Installations under this program must be performed by an EAA Certified Renewable Energy Systems Installer. See http://www.ads.gobierno.pr/ Programa PV AAE/index files/page0006.htm for a list of licensed/certified contractors.

4.3. For Government owned or occupied/used Facilities, Major Components of the new SES

shall comply with ARRA Section 1605 – Buy American.

4.4. Replaced electric power utility meters shall be approved by PREPA.

4.5. The installer is responsible for determining the optimal location of the solar photovoltaic panels. The proposed location must provide maximum benefits. AFI retains the right to deny rebates based on excessive shading or poor orientation of the SES. Excessive shading is considered to be when a structure, tree, or other obstacle blocks the SES during normal daylight hours and accounts for ten percent (10%) or more loss of production.

4.6. Before reserved rebates are approved for payment, Applicants shall submit to AFI an EAA Installation Certificate no later than fifteen (15) calendar days from the date EAA issues the certificate. Failure to submit a duly completed EAA Installation Certificate

within the stated period shall result in the cancellation of the reservation of the award.

V. Exclusions and Restrictions

5.1. New SES shall be connected to the load side of the Applicant's electric power utility meter. New SES shall not be connected directly to equipment preceding electric power utility meters, from the utility towards the load. Installations shall comply with applicable electrical codes, including PREPA standards and local net-metering laws and regulations, as applicable.

5.2. SES smaller than two (2) kilowatts (kW) are not eligible for rebates.

5.3. Costs for construction of structures or other supporting elements not related to the anchoring of the new SES are not eligible for rebates.

5.4. Costs for batteries and charge controllers are not included as part of the rebate. If

Applicant includes the cost of batteries or charge controllers in the price quotation, this amount will not be considered in the eligible Project costs.

5.5. For SES installed on the ground, systems cannot have a total wattage rating of more than 60 kW and shall be located on the ground within the boundaries of an existing facility.

5.6. For SES not installed on the ground, systems have to be appropriately sized units and shall be located on existing rooftops and/or parking structures.

VI. Eligible Project Costs

6.1. The following costs may be included as part of the total Project costs as long as the amount does not exceed the maximum rebate amount and the dollars per watt amount mentioned in Section III of this Chapter.

a. Equipment pertaining only to the new SES (photovoltaic panels, inverters, disconnect switches, load centers, panel boards, meters, feeders, mounting fasteners) excluding batteries and charge controllers

b. Installation costs that do not include modifications to the building required to install the new SES

c. Design and engineering costs

d. Interconnection costs

e. Permitting costs

VII. Application Procedure

7.1. Applicants shall contact an EAA approved SES installer to help determine the correct system for the Facility. At least three SES installers should be contacted in order to receive a competitive price for the system.

7.2. Applicants shall fill out the Application Documents and deliver them to:

Sun Energy Program
Puerto Rico Infrastructure Financing Authority
Capital Center, North Tower, 16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

7.3. Documents needed for a complete application are listed below. The Application Documents may include additional forms or documents.

a. Completed Rebate Reservation Form
b. Completed Installer Information Form including site sketch
c. Completed Vendor Information Form
d. Project price quotations
e. Owner's proof of ownership (property's title deed)
f. Owner's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID)
g. Last six (6) electric utility bills
h. If Applicant is a Tenant, copy of the rent agreement, Tenant's valid identification (driver's license,

passport, U.S. military photo ID, state or federal government issued photo ID), and owner's permission to install the SES in writing.

7.4. AFI will evaluate the Application Documents and determine if they are complete and eligible for the rebates. AFI reserves the right to visit or inspect any proposed Project site during the evaluation period.

7.5. Applications will be evaluated for possible rebates based on the highest number of total wattage rating of the SES over the eligible rebate amount (watt/rebate). If two or more Projects have equal watt/rebate number but there are not enough funds for all Projects, the Projects will be selected in the order they were received.

7.6. If the application is approved and funds are still available, AFI will reserve the rebate amount based on the total wattage rating of the proposed SES and conditions described in

this regulation. AFI will issue and send a Rebate Reservation Notice Letter package to the Applicant.

7.7. The Rebate Reservation Notice Letter will indicate the approved rebate amount and the reservation expiration date. The funds will be reserved for six (6) months during which the SES must be installed, connected and inspected. The Applicant shall execute and return to AFI the Rebate Agreement stating the intentions to construct the SES Project with the assigned rebate. Such agreement will be included with the Rebate Reservation Notice Letter package. If AFI does not receive the Rebate Agreement postmarked within fifteen (15) calendar days from the date in which the Rebate Reservation Notice Letter package was postmarked as sent by AFI, the rebate reservation will be automatically cancelled without further notice to the Applicant.

7.8. Once the SES is completely permitted, installed, interconnected, and paid for, the Applicant shall submit a Rebate Claim Form to AFI, which form will have been included in the Rebate Reservation Notice Letter package. AFI will send an inspector to verify the Project completion and compliance with the rebate conditions. Rebates will not be awarded for partially permitted, installed, interconnected or paid SES that do not comply with all terms and conditions of the Rebate Reservation Notice Letter, Rebate Agreement or this regulation. All program requirements must be met before the Applicant receives a rebate.

7.9. The final rebate amount will be determined following verification of the installed SES by an AFI inspector.

7.10. Upon final approval of the Rebate Claim Form and the satisfactory field inspection, AFI will issue a rebate to the Applicant within thirty (30) calendar days from such approval.

VIII. Additional Conditions

8.1. AFI will contact the Applicant in writing if additional information is required to complete an application. Applicants have fifteen (15) calendar days from the postmarked date in the Information Request Letter to respond to the clarification request. If the Applicant does not respond within such term, the application will be cancelled. If the application is submitted again after it has been cancelled, it will be treated as a new application in the subsequent evaluation period.

8.2. An Applicant can request an extension of the reservation expiration date of up to ninety (90) additional calendar days. Extension requests shall be submitted at least thirty (30) calendar days before the six (6) months original reservation term expires. Extension requests shall be in writing and include the number of additional calendar days requested and the reason for the need of additional time. Extension requests will only be

considered for reasonable circumstances such as permit delays, materials availability, or other circumstances beyond the Applicant's control.

IX. Failed Inspections

9.1. If an inspector determines that the installed system varies from the system described in the Rebate Reservation Form or the Rebate Claim Form, AFI will notify the Applicant through a Failed Inspection Notice Letter that explains the reasons for the inspection failure. The Applicant shall have sixty (60) calendar days from the postmarked date of the Failed Inspection Notice Letter to take one of the following actions:

a. Fix the system based on the comments submitted in the Failed Inspection Notice Letter and reapply for inspection by sending a letter to AFI requesting a new inspection.

b. Accept the inspection failure and accept a reduced revised rebate amount. This

amount will be the amount stated in the Failed Inspection Notice Letter, which amount could be zero ($0).

c. Dispute the Inspection failure as stated in Chapter Seven, Section II. For disputing the Failed Inspection Notice Letter, applicant shall have thirty (30) calendar days from the postmarked date of the Failed Inspection Notice Letter.

Chapter Three

BUILDING ENERGY EFFICIENCY RETROFIT PROGRAM

I. Type of Awards

AFI anticipates awarding grants in the form of rebates as stated in this Chapter Three.

II. Definitions

The following terms used in this Chapter shall have the meaning ascribed as follows:

2.1. **Facility Energy Audit** is an inspection, survey and analysis of energy flows in a Facility with the objective of understanding the energy dynamics of the system under study.

2.2. **New Facility** is a building that has finished construction or remodeling five (5) years or less prior to the application date.

2.3. **Payback Period** shall mean the amount of time (months) it takes to recover the capital spent on a Retrofit Project without considering any grants or rebates that could be given.

2.4. **Project** shall mean an eligible Facility where the Retrofit will take place.

2.5. **Retrofit** is the replacement of equipment or material with newer technology to improve the energy efficiency and consumption of an existing building.

III. Eligibility

3.1. To the extent that funds are available, organized businesses operating in Puerto Rico and Government of Puerto Rico entities are eligible to receive a one-time rebate for a portion of the costs of energy efficiency retrofit Projects.

3.2. Businesses (for profit and not for profit) will be eligible to receive a rebate for the implementation of a building energy efficiency retrofit Project up to fifty percent (50%) of the eligible costs with a maximum rebate of two hundred thousand dollars ($200,000).

3.3. Government entities will be eligible to receive a rebate for the implementation of a building energy efficiency retrofit Project

up to one hundred percent (100%) of the eligible costs with a maximum rebate of two hundred thousand dollars ($200,000).

3.4. The maximum allowable total cost of a Facility Energy Audit for businesses and government entities is five thousand dollars ($5,000), with a maximum allowable unit cost of twenty cents per square foot ($0.20/ft²). A fifty percent (50%) fund matching to cover the costs of the audit is required by business recipients.

IV. Exclusions and Restrictions

4.1. A pre-project Facility Energy Audit will be required. Rebate for the Facility Energy Audit will be given as indicated above if the Project is awarded a rebate under this program and constructed as submitted and approved.

4.2. Rebates will not be granted for retrofit Projects in New Facilities or building expansions.

4.3. The Facility must have been occupied during the last two (2) years for the same or similar use. Rebates will not be awarded to replace equipment that has already been replaced in a renovation that took place five (5) years or less prior to the application date.

4.4. Applicant must continue to use the Facility for the same or similar purpose (e.g., the incentive cannot be used to convert a building or facility from an office to a restaurant).

4.5. For Government owned or occupied/used Facilities, energy efficiency retrofit components shall comply with ARRA Section 1605 - Buy American.

V. Ineligible Facilities

5.1. The following types of facilities shall be ineligible to receive rebates under this Chapter Three:

a. Houses or residential buildings such as townhouses, apartments and high rise buildings

b. New Facilities

c. Building expansions

d. Buildings under construction or partially built buildings

e. Design-build projects

f. Temporary buildings or facilities

VI. Eligible Retrofit Measures

6.1. The following measures/technologies shall be eligible for rebates under this Chapter Three:

a. Interior and/or exterior lighting (e.g., replace incandescent light bulbs with LED or fluorescent lights, T8, premium T8 or T5 fluorescents)

b. Energy management control system (ex: Light occupancy sensors, dimmers, zone lighting, direct load controls, HVAC controls)

c. Windows retrofit

d. Replace existing standard efficiency electric motors with NEMA rated premium efficiency electric motors

e. Install variable frequency drives and variable speed motors for air handler units and water system pumps and fans to allow increased energy efficiency and controllability

f. Replace condensing units with new, more energy efficient ones

g. Upgrade of existing constant air volume ventilation systems to variable air volume ventilation systems

h. Chiller retrofits

i. Chiller or cooling tower replacement

j. Combustion air control system for boilers

k. Demand outside air ventilation systems

VII. Ineligible Retrofit Measures

7.1. The following measures/technologies may not be used if rebates are to be requested under this Chapter Three:

a. Unproven technologies or equipment not listed by Underwriter Laboratories (UL listed)

b. Non-commercially available products

c. Improvements to building structures or new structures

d. Maintenance measures to fix problems and/or perform repairs (e.g., pipes or duct leaks, electrical problems, etc.)

e. Any other measures not included in Section VI of this Chapter Three

VIII. Eligible project costs

8.1. The following costs may be included as part of the total Project costs as long as the amount does not exceed the maximum rebate amount mentioned in Section III of this Chapter Three:

a. Material and equipment pertaining to the energy retrofit

b. Installation costs that do not include modifications to the building required to install new equipment

c. Facility Energy Audit costs, in the amounts stated in Section 3.4 of this Chapter Three

IX. Application Procedure

9.1. Applicants shall contact an energy auditor in order to perform a Facility Energy Audit and select the building energy efficiency retrofit measures that best fit the needs of the Applicant's Project.

9.2. Applicants shall fill out the Application Documents and deliver them to:

Building Energy Efficiency Retrofit Program
Puerto Rico Infrastructure Financing Authority
Capital Center, North Tower, 16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

9.3. Documents needed for a complete application are listed below. The Application Documents may include additional forms or documents.

a. Completed Rebate Reservation Form

b. Completed Project Energy Audit Form

c. Completed Energy Savings Summary Form

d. Facility Energy Audits

e. Completed Installer Information Form

f. A document that describes and compares the existing equipment vs. the new equipment and clearly indicates the measures to be performed to the building. This document must include technical information of the equipment to be replaced or modified and the new equipment.

g. Project price quotations

h. A photo of the building to be retrofitted

i. Owner's proof of ownership (property's title deed)

j. Owner's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID)

k. Last six (6) electric utility bills.

l. If Applicant is a Tenant, copy of the lease agreement, Tenant's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID), and owner's permission to perform the Retrofit in writing.

9.4. AFI will evaluate the Application Documents and determine if they are complete and eligible for the rebates. AFI reserves the right to visit or inspect any proposed Project site during the evaluation period.

9.5. Applications will be evaluated for possible rebates based on the shortest Payback Period of the Retrofit Project. If two or more Projects have equal Payback Periods but there are not enough funds for all Projects, the Projects will be selected in the order they were received.

9.6. If the application is approved and funds are still available, AFI will reserve the rebate

amount based on the Project's cost and conditions described in this regulation. AFI will issue and send a Rebate Reservation Notice Letter package to the Applicant.

9.7. The Rebate Reservation Notice Letter will indicate the approved rebate amount and the reservation expiration date. The funds will be reserved for six (6) months during which the Retrofit Project must be constructed and inspected. The Applicant shall execute and return to AFI the Rebate Agreement stating the intentions to construct the Retrofit Project with the assigned rebate. Such agreement will be included with the Rebate Reservation Notice Letter package. If AFI does not receive the Rebate Agreement postmarked within fifteen (15) calendar days from the date in which the Rebate Reservation Notice Letter package was postmarked as sent by AFI, the rebate reservation will be automatically cancelled without further notice to the Applicant.

9.8. Once the Retrofit Project is completely permitted, constructed, and paid for, the Applicant shall submit a Rebate Claim Form to AFI, which form will have been included in the Rebate Reservation Notice Letter package. AFI will send an inspector to verify the Project completion and compliance with the rebate conditions. Rebates will not be awarded for partially permitted, constructed, or paid Retrofit Projects that do not comply with all terms and conditions of the Rebate Reservation Notice Letter, Rebate Agreement or this regulation. All program requirements must be met before the Applicant receives a rebate.

9.9. The final rebate amount will be determined following verification of the constructed Retrofit Project by an AFI inspector.

9.10. Upon final approval of the Rebate Claim Form and the satisfactory field inspection, AFI will issue a rebate to the Applicant within

thirty (30) calendar days from such approval.

X. Energy Audit Requirements

10.1. Energy audits under this program shall be a Level II energy audit based on ASHRAE Procedures for Commercial Building Energy Audits.

10.2. Facility Energy Audits must describe the major existing energy consuming equipment including, but not limited to: lighting, HVAC and their actual energy consumptions, as well as manufacturers, model number, years of service and actual conditions.

10.3. If the Project focuses only on one system, a Facility Energy Audit for only that system will be accepted (e.g., if it is a lighting retrofit, a detail lighting retrofit audit will be accepted).

XI. Additional Conditions

11.1. AFI will contact the Applicant in writing if additional information is required to complete an application. Applicants have fifteen (15) calendar days from the postmarked date in the Information Request Letter to respond to the clarification request. If the Applicant does not respond within such term, the application will be cancelled. If the application is submitted again after it has been cancelled, it will be treated as a new application in the subsequent evaluation period.

11.2. An Applicant can request an extension of the reservation expiration date for up to ninety (90) additional calendar days. Extension requests shall be submitted at least thirty (30) calendar days before the six (6) months original reservation term expires. Extension requests shall be in writing and include the number of additional calendar days requested and the reason for the need of additional time. Extension requests will only be considered for reasonable circumstances such

as permit delays, materials availability, or other circumstances beyond the Applicant's control.

11.3. Proposed Projects must have a simple Payback Period of less than eight (8) years.

11.4. In no way the proposed Retrofit Project shall degrade the building safety and/or affect the security of its occupants.

11.5. When applicable, all removed equipment shall be properly recycled or properly disposed by the contractor.

XII. Failed Inspections

12.1. If an inspector determines that the measures or technologies installed vary from those described in the Rebate Reservation Form or the Rebate Claim Form, AFI will notify the Applicant through a Failed Inspection Notice Letter that explains the reasons for the inspection failure. The Applicant shall have sixty (60) calendar days from the postmarked

date of the Failed Inspection Notice Letter to take one of the following actions:

a. Fix the measures or technologies installed based on the comments submitted in the Failed Inspection Notice Letter and reapply for inspection by sending a letter to AFI requesting a new inspection.

b. Accept the inspection failure and accept a reduced revised rebate amount. This amount will be the amount stated in the Failed Inspection Notice Letter, which amount could be zero ($0).

c. Dispute the Inspection failure as stated in Chapter Seven, Section II. For disputing the Failed Inspection Notice Letter, applicant shall have thirty (30) calendar days from the postmarked date of the Failed Inspection Notice Letter.

Chapter Four

SOLAR WATER HEATER REBATE PROGRAM

I. Type of Awards

AFI anticipates awarding grants in the form of one-time $500 rebates as stated in this Chapter Four.

II. Definitions

The following terms used in this Chapter shall have the meaning ascribed as follows:

2.1. **Dwelling Unit** shall mean a structure or part of a structure that is used as a home or residence by one or more persons.

III. Eligibility

3.1. To the extent that funds are available, Puerto Rico Homeowners are eligible to receive a one-time $500 rebate for the purchase and installation of a new solar water heater to be used in a Dwelling Unit.

3.2. Individuals aged 18 years and over who are the owners or tenants of an existing Dwelling Unit are eligible to apply for a rebate.

IV. Requirements for Equipment, Components and Installers

4.1. Solar water heater collectors must be Solar Rating and Certification Corporation (SRCC) certified and approved by EAA.

4.2. Storage tanks must be correctly sized to meet household requirements. Solar collectors should be sized according to manufacturer's recommendation to meet requirements of tank size.

4.3. Plumbing connections for the installation of the new solar water heater must be made by a Puerto Rico licensed plumber.

4.4. Electrical connections for the installation of the new solar water heater must be made by a Puerto Rico licensed electrician.

4.5. The installer is responsible for determining the optimal location of the solar collectors. The proposed location must provide maximum benefits.

V. Exclusions or Restrictions

5.1. Applications will not be considered if the Dwelling Unit where the water heater will be installed is not the principal place of residence of the Applicant.

5.2. Solar water heaters for industrial, commercial, government owned or occupied and any other non-residential buildings are not eligible for rebates under this program.

5.3. Use of existing tanks or existing solar panels will not be allowed.

5.4. Gas and non-domestic purpose water heaters (e.g., spa, swimming pool) do not qualify for this program.

5.5. Solar water heater must replace an existing electric or gas water heater.

VI. Application Procedure

6.1. Applicants shall contact an EAA approved solar water heater manufacturer or distributor to

help determine the correct water heater for the Dwelling Unit. It is recommended to obtain at least three cost estimates in order to receive a competitive price for the system.

6.2. Applicants shall fill out the Application Documents and deliver them to:

Solar Water Heater Rebate Program
Puerto Rico Infrastructure Financing Authority
Capital Center, North Tower, 16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

6.3. Documents needed for a complete application are listed below. The Application Documents may include additional forms or documents.

a. Completed Rebate Reservation Form including site sketch
b. Project price quotations
c. Owner's proof of ownership (property's title deed)
d. Owner's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID)

e. If Applicant is a Tenant, copy of the lease agreement, Tenant's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID), and owner's permission to install the solar water heater in writing.

6.4. AFI will evaluate the Application Documents and determine if they are complete and eligible for the rebates. AFI reserves the right to visit or inspect any proposed Project site during the evaluation period.

6.5. Applications will be evaluated for possible rebates in the order they are received.

6.6. If the application is approved and funds are still available, AFI will reserve the rebate amount and will issue and send a Rebate Reservation Notice Letter package to the Applicant. Incomplete applications will be returned to the Applicant without processing.

6.7. The funds for approved applications will be reserved for three (3) months during which the solar water heater must be installed and connected. The Applicant shall execute and return to AFI the Rebate Agreement stating the intentions to install the new solar water heater. Such agreement will be included with the Rebate Reservation Notice Letter package. If AFI does not receive the Rebate Agreement postmarked within fifteen (15) calendar days from the date in which the Rebate Reservation Notice Letter package was postmarked as sent by AFI, the rebate reservation will be automatically cancelled without further notice to the Applicant.

6.8. After installing the solar water heater, the Applicant shall submit a Rebate Claim Form to AFI accompanied by the solar water heater proof of purchase, installation invoice, and installer data.

6.9. AFI reserves the right to inspect any Project prior to disbursing a rebate.

6.10. Upon final approval of the Rebate Claim Form and the satisfactory field inspection, AFI will issue a rebate to the Applicant within thirty (30) calendar days from such approval.

VII. Failed Inspections

7.1. If an inspector determines that the solar water heater varies from the one described in the Rebate Reservation Form or the Rebate Claim Form, AFI will notify the Applicant through a Failed Inspection Notice Letter that explains the reasons for the inspection failure. The Applicant shall have sixty (60) calendar days from the postmarked date of the Failed Inspection Notice Letter to take one of the following actions:

a. Fix the solar water heater based on the comments submitted in the Failed Inspection Notice Letter and reapply for inspection.

b. Accept the inspection failure and accept a reduced revised rebate amount. This

amount will be the amount stated in the Failed Inspection Notice Letter, which amount could be zero ($0).

c. Dispute the Inspection failure as stated in Chapter Seven, Section II. For disputing the Failed Inspection Notice Letter, applicant shall have thirty (30) calendar days from the postmarked date of the Failed Inspection Notice Letter.

Chapter Five

AGRICULTURE RENEWABLE ENERGY PROGRAM

I. Type of Awards

AFI anticipates awarding grants in the form of rebates as stated in this Chapter Five.

II. Definitions

2.1. **DOA** shall mean the Puerto Rico Department of Agriculture.

2.2. **Farmer** shall mean a person or business approved or certified by the DOA to do business in the agriculture industry in Puerto Rico.

2.3. **Project** shall mean a Renewable Energy System installed in an eligible Facility.

2.4. **Renewable Energy System** or **RES** means a complete and functional Solar Energy System or Wind Energy System properly connected to supply electric energy to a Facility.

2.5. **Solar Energy System** or **SES** shall mean a complete and functional Solar Photovoltaic System that has been installed by an EAA Certified Renewable Energy Systems Installer.

2.6. **Solar Photovoltaic System** shall mean a renewable energy system that uses solar cells to convert sunlight into electricity.

2.7. **Wattage Rating** shall mean the Standard Test Conditions (STC) power rating indicated on the nameplate of a photovoltaic module or the rated power for wind turbines.

2.8. **Wind Energy System** or **WES** shall mean a complete and functional wind energy turbine, including its tower,that has been installed by an EAA Certified Renewable Energy Systems Installer and an EAA Certified Wind Turbine Installer.

III. Eligibility

To the extent funds are available, Puerto Rico Farmers are eligible to receive a one-time rebate for a portion of the costs of a new, properly installed and functional RES. Farmers will be eligible to receive a rebate for the purchase and installation of a new RES up to forty percent (40%) of the cost of the RES with a maximum rebate of one hundred thousand dollars ($100,000) per RES per Facility. Additionally, SES rebates will not

exceed four dollars per watt ($4/watt) based on the total Wattage Rating.

As an exception to the general prohibition of the first paragraph of Section 6.16 of Chapter One, if authorized by the United States Department of Energy, this program will permit Applicants to combine the rebates granted hereunder with other rebates or incentives awarded by the Puerto Rico Department of Agriculture to cover costs of installing RES in the same Facilities. However, in any case, the conditions of the second paragraph of Section 6.16 of Chapter One will apply.

IV. Requirements for Equipment, Components and Installers

4.1. Major Components must be EAA certified. See http://www.ads.gobierno.pr/Programa PV AAE/indexfiles/page0002.htm for a list of SES EAA certified components.

4.2. Wind turbines shall comply with the following Nationally Recognized Test Laboratory (NRTL) Standards:

a. IEC 61400-11

b. IEC 64100-2

c. UL 1741

4.3. Installations under this program must be performed by an EAA Certified Renewable Energy Systems Installer. See http://www.ads.gobierno.pr/ Programa PV AAE/index files/page0006.htm for a list of licensed/certified contractors.

4.4. In addition to the aforementioned certification, WES installations under this program must be performed by an EAA Certified Wind Turbine Installer.

4.5. For Government, owned or occupied/used Facilities, Major Components of the new RES shall comply with ARRA Section 1605 – Buy American.

4.6. Replaced electric power utility meters shall be approved by PREPA.

4.7. SES installers are responsible for determining the optimal location of the solar photovoltaic panels. The proposed location must provide maximum benefits. AFI retains the right to deny rebates based on excessive shading, poor orientation of the SES. Excessive shading is considered to be when a structure, tree, or other obstacle blocks the SES during normal daylight hours and accounts for ten percent (10%) or more loss of production.

4.8. WES installers are responsible for determining the optimal location of the wind turbine. The proposed location must provide maximum benefits. AFI retains the right to deny rebates based on poor location of the WES. Poor location of a WES is considered when the required wind speed for a wind turbine is not obtained, thus the wind turbine cannot produce the rated KW capacity.

4.9. Before reserved rebates are approved for payment, Applicants shall submit to AFI an EAA Installation Certificate no later than fifteen (15) calendar days from the date EAA issues the certificate. Failure to submit a duly completed EAA Installation Certificate within the stated period shall result in the cancellation of the reservation of the award.

V. Exclusions and Restrictions

5.1. New RES shall be connected to the load side of the Applicant's electric power utility meter. New RES shall not be connected directly to equipment preceding electric power utility meters, from the utility towards the load. Installations shall comply with applicable electrical codes, including PREPA standards and local net-metering laws and regulations, as applicable.

5.2. SES smaller than two kilowatts (2kW) are not eligible for rebates.

5.3. Costs for construction of structures or other supporting elements not related to the RES or the anchoring of the new RES are not eligible for rebates.

5.4. Costs for batteries and charge controllers are not included as part of the rebate. If Applicant includes the cost of batteries or charge controllers in the price quotation, this amount will not be considered in the eligible Project costs.

5.5. For SES installed on the ground, systems cannot have a total wattage rating of more than 60 kW and shall be located on the ground within the boundaries of an existing facility.

5.6. For SES not installed on the ground, systems have to be appropriately sized units and shall be located on existing rooftops and/or parking structures.

5.7. The wind turbines of a proposed WES shall have a maximum nominal rating of 20 kW.

5.8. WES rebates will only be awarded to Projects that prove consistent wind power densities at the proposed site through a wind study of twelve (12) month or more. WES must be located in a geographic area with an average wind speed of class II (13.2 to 15.2 miles per hour) or greater at the proposed turbine hub height. Projects that have performed a wind study for six (6) months or more can apply for rebates; however, final rebate approval will be awarded once the twelve (12) month wind study is completed.

VI. Eligible Project Costs

6.1. The following costs may be included as part of the total Project costs as long as the amount does not exceed the maximum rebate amount and/or the dollars per watt amount mentioned in Section III of this Chapter.

a. Equipment pertaining only to the new RES (photovoltaic panels, wind turbines and wind turbine towers, inverters, disconnect switches, load centers, panel boards, meters, feeders, mounting fasteners) excluding batteries and charge controllers

b. Installation costs that do not include modifications to the building required to install the new RES

c. Design and engineering costs

d. Interconnection costs

e. Permitting costs

VII. Application Procedure

7.1. Applicants shall contact an EAA approved SES or WES installer to help determine the correct system for the Facility.

7.2. Applicants shall fill out the Application Documents and deliver them to:

Agriculture Renewable Energy Program
Puerto Rico Infrastructure Financing Authority
Capital Center, North Tower, 16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

7.3. Documents needed for a complete application are listed below. The Application Documents may include additional forms or documents.

a. Endorsement Letter from the DOA. This letter shall be requested from the DOA at:

Agriculture Renewable Energy Program
Department of Agriculture
PO Box 10163
Santurce, Puerto Rico 00909

b. Completed Rebate Reservation Form

c. Completed Installer Information Form including site sketch

d. Completed Vendor Information Form

e. Project price quotations

f. Wind study (if applicable)

g. Owner's proof of ownership (property's title deed)

h. Owner's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID)

i. Last six (6) electric utility bills

j. If Applicant is a Tenant, copy of the lease agreement, Tenant's valid

identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID), and owner's permission to install the RES in writing.

7.4. AFI will evaluate the Application Documents and determine if they are complete and eligible for the rebates. AFI reserves the right to visit or inspect any proposed Project site during the evaluation period.

7.5. Applications will be evaluated for possible rebates based on the highest number of total wattage rating of the RES over the eligible rebate amount (watt/rebate). If two or more Projects have equal watt/rebate number but there are not enough funds for all Projects, the Projects will be selected in the order they were received.

7.6. If the application is approved and funds are still available, AFI will reserve the rebate amount based on the conditions described in

this regulation. AFI will issue and send a Rebate Reservation Notice Letter package to the Applicant.

7.7. The Rebate Reservation Notice Letter will indicate the approved rebate amount and the reservation expiration date. The funds will be reserved for six (6) months during which the RES must be installed, connected and inspected. The Applicant shall execute and return to AFI the Rebate Agreement stating the intentions to construct the RES Project with the assigned rebate. Such agreement will be included with the Rebate Reservation Notice Letter package. If AFI does not receive the Rebate Agreement postmarked within fifteen (15) calendar days from the date in which the Rebate Reservation Notice Letter package was postmarked as sent by AFI, the rebate reservation will be automatically cancelled without further notice to the Applicant.

7.8. Once the RES is completely permitted, installed, interconnected, and paid for, the Applicant shall submit a Rebate Claim Form to AFI, which form will have been included in the Rebate Reservation Notice Letter package. AFI will send an inspector to verify the Project completion and compliance with the rebate conditions. Rebates will not be awarded for partially permitted, installed, interconnected or paid RES that do not comply with all terms and conditions of the Rebate Reservation Notice Letter, Rebate Agreement or this regulation. All program requirements must be met before the Applicant receives a rebate.

7.9. The final rebate amount will be determined following verification of the installed RES by an AFI inspector.

7.10. Upon final approval of the Rebate Claim Form and the satisfactory field inspection, AFI will issue a rebate to the Applicant within thirty (30) calendar days from such approval.

VIII. Additional Conditions

8.1. AFI will contact the Applicant in writing if additional information is required to complete an application. Applicants have fifteen (15) calendar days from the postmarked date in the Information Request Letter to respond to the clarification request. If the Applicant does not respond within such term, the application will be cancelled. If the application is submitted again after it has been cancelled, it will be treated as a new application in the subsequent evaluation period.

8.2. An Applicant can request an extension of the reservation expiration date of up to ninety (90) additional calendar days. Extension requests shall be submitted at least thirty (30) calendar days before the six (6) months original reservation term expires. Extension requests shall be in writing and include the number of additional calendar days requested and the reason for the need of additional time. Extension requests will only be

considered for reasonable circumstances such as permit delays, materials availability, or other circumstances beyond the Applicant's control.

IX. Failed Inspections

9.1. If an inspector determines that the installed system varies from the system described in the Rebate Reservation Form or the Rebate Claim Form, AFI will notify the Applicant through a Failed Inspection Notice Letter that explains the reasons for the inspection failure. The Applicant shall have sixty (60) calendar days from the postmarked date of the Failed Inspection Notice Letter to take one of the following actions:

a. Fix the system based on the comments submitted in the Failed Inspection Notice Letter and reapply for inspection by sending a letter to AFI requesting a new inspection.

b. Accept the inspection failure and accept a reduced revised rebate amount. This

amount will be the amount stated in the Failed Inspection Notice Letter, which amount could be zero ($0).

c. Dispute the Inspection failure as stated in Chapter Seven, Section II. For disputing the Failed Inspection Notice Letter, applicant shall have thirty (30) calendar days from the postmarked date of the Failed Inspection Notice Letter.

Chapter Six

WIND ENERGY PROGRAM

I. Type of Awards

AFI anticipates awarding grants in the form of rebates as stated in this Chapter Six.

II. Definitions

2.1. **Major Components** shall mean wind turbines, wind turbine towers and inverters.

2.2. **Project** shall mean a Wind Energy System installed in an eligible Facility.

2.3. **Wattage Rating** shall mean the rated power for wind turbines.

2.4. **Wind Energy System** or **WES** shall mean a complete and functional wind energy turbine, including its tower, that has been installed by an EAA Certified Renewable Energy Systems Installer and an EAA Certified Wind Turbine Installer.

III. Eligibility

3.1. To the extent funds are available, organized businesses operating in Puerto Rico, and Government of Puerto Rico entities are

eligible to receive a one-time rebate for a portion of the costs of a new, properly installed and functional WES.

3.2. Businesses (for profit and not for profit) will be eligible to receive a rebate for the purchase and installation of a new WES up to fifty percent (50%) of the cost of the WES with a maximum rebate of one hundred thousand dollars ($100,000) per WES per Facility.

3.3. Government entities will be eligible to receive a rebate for the purchase and installation of a new WES with a maximum rebate of one hundred thousand dollars ($100,000) per WES per owned or occupied/used Facility.

IV. Requirements for Equipment, Components and Installers

4.1. Major Components must be EAA certified.

4.2. Wind turbines shall comply with the following Nationally Recognized Test Laboratory (NRTL) Standards:

a. IEC 61400-11

b. IEC 64100-2

c. UL 1741

4.3. Installations under this program must be performed by an EAA Certified Renewable Energy Systems Installer and an EAA Certified Wind Turbine Installer. See http://www.ads.gobierno.pr/ Programa PV AAE/index files/page0006.htm for a list of licensed/certified contractors.

4.4. For Government, owned or occupied/used Facilities, Major Components of the new WES shall comply with ARRA Section 1605 – Buy American.

4.5. Replaced electric power utility meters shall be approved by PREPA.

4.6. The installer is responsible for determining the optimal location of the wind turbine. The proposed location must provide maximum benefits. AFI retains the right to deny rebates based on poor location of the WES. Poor location of a WES is considered when the required wind speed for a wind turbine is not obtained, thus the wind turbine cannot produce the rated KW capacity.

4.7. Before reserved rebates are approved for payment, Applicants shall submit to AFI an EAA Installation Certificate no later than fifteen (15) calendar days from the date EAA issues the certificate. Failure to submit a duly completed EAA Installation Certificate within the stated period shall result in the cancellation of the reservation of the award.

V. Exclusions and Restrictions

5.1. New WES shall be connected to the load side of the Applicant's electric power utility meter. New WES shall not be connected

directly to equipment preceding electric power utility meters, from the utility towards the load. Installations shall comply with applicable electrical codes, including PREPA standards and local net-metering laws and regulations, as applicable.

5.2. The wind turbines of the proposed WES shall have a maximum nominal rating of 20 kW.

5.3. WES rebates will only be awarded to Projects that prove consistent wind power densities at the proposed site through a wind study of twelve (12) month or more. WES must be located in a geographic area with an average wind speed of class II (13.2 to 15.2 miles per hour) or greater at the proposed turbine hub height. Projects that have performed a wind study for six (6) months or more can apply for rebates; however, final rebate approval will be awarded once the twelve (12) month wind study is completed.

5.4. Costs for construction of structures or other supporting elements not related to the anchoring of the new WES are not eligible for rebates.

5.5. Costs for batteries and charge controllers are not included as part of the rebate. If Applicant includes the cost of batteries or charge controllers in the price quotation, this amount will not be considered in the eligible Project costs.

VI. Eligible Project Costs

6.1. The following costs may be included as part of the total Project costs as long as the amount does not exceed the maximum rebate amount mentioned in Section III of this Chapter.

a. Equipment pertaining only to the new WES (wind turbines, wind turbine towers, inverters, disconnect switches, load centers, panel boards, meters, feeders, mounting fasteners) excluding batteries and charge controllers

b. Installation costs that do not include modifications to the building required to install the new WES

c. Design and engineering costs

d. Interconnection costs

e. Permitting costs

VII. Application Procedure

7.1. Applicants shall contact an EAA approved WES installer to help determine the correct system for the Facility. At least three WES installers should be contacted in order to receive a competitive price for the system.

7.2. Applicants shall fill out the Application Documents and deliver them to:

Wind Energy Program
Puerto Rico Infrastructure Financing Authority
Capital Center, North Tower, 16th Floor
235 Arterial Hostos Avenue
San Juan, Puerto Rico 00918-1454

7.3. Documents needed for a complete application are listed below. The Application Documents may include additional forms or documents.

a. Completed Rebate Reservation Form

b. Completed Installer Information Form including site sketch

c. Completed Vendor Information Form

d. Project price quotations

e. Wind study

f. Owner's proof of ownership (property's title deed)

g. Owner's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID)

h. Last six (6) electric utility bills

i. If Applicant is a Tenant, copy of the lease agreement, Tenant's valid identification (driver's license, passport, U.S. military photo ID, state or federal government issued photo ID), and owner's permission to install the SES in writing.

7.4. AFI will evaluate the Application Documents and determine if they are complete and eligible for the rebates. AFI reserves the

right to visit or inspect any proposed Project site during the evaluation period.

7.5. Applications will be evaluated for possible rebates based on the highest number of total wattage rating of the WES over the eligible rebate amount (watt/rebate). If two or more Projects have equal watt/rebate number but there are not enough funds for all Projects, the Projects will be selected in the order they were received.

7.6. If the application is approved and funds are still available, AFI will reserve the rebate amount based on the total wattage rating of the proposed WES and conditions described in this regulation. AFI will issue and send a Rebate Reservation Notice Letter package to the Applicant.

7.7. The Rebate Reservation Notice Letter will indicate the approved rebate amount and the reservation expiration date. The funds will be reserved for six (6) months during which

the WES must be installed, connected and inspected. The Applicant shall execute and return to AFI the Rebate Agreement stating the intentions to construct the WES Project with the assigned rebate. Such agreement will be included with the Rebate Reservation Notice Letter package. If AFI does not receive the Rebate Agreement postmarked within fifteen (15) calendar days from the date in which the Rebate Reservation Notice Letter package was postmarked as sent by AFI, the rebate reservation will be automatically cancelled without further notice to the Applicant.

7.8. Once the WES is completely permitted, installed, interconnected, and paid for, the Applicant shall submit a Rebate Claim Form to AFI, which form will have been included in the Rebate Reservation Notice Letter package. AFI will send an inspector to verify the Project completion and compliance with the rebate conditions. Rebates will not be awarded for partially permitted, installed,

interconnected or paid WES that do not comply with all terms and conditions of the Rebate Reservation Notice Letter, Rebate Agreement or this regulation. All program requirements must be met before the Applicant receives a rebate.

7.9. The final rebate amount will be determined following verification of the installed WES by an AFI inspector.

7.10. Upon final approval of the Rebate Claim Form and the satisfactory field inspection, AFI will issue a rebate to the Applicant within thirty (30) calendar days from such approval.

VIII. Additional Conditions

8.1. AFI will contact the Applicant in writing if additional information is required to complete an application. Applicants have fifteen (15) calendar days from the postmarked date in the Information Request Letter to respond to the clarification request. If the Applicant does not respond within such term, the application

will be cancelled. If the application is submitted again after it has been cancelled, it will be treated as a new application in the subsequent evaluation period.

8.2. An Applicant can request an extension of the reservation expiration date of up to ninety (90) additional calendar days. Extension requests shall be submitted at least thirty (30) calendar days before the six (6) months original reservation term expires. Extension requests shall be in writing and include the number of additional calendar days requested and the reason for the need of additional time. Extension requests will only be considered for reasonable circumstances such as permit delays, materials availability, or other circumstances beyond the Applicant's control.

IX. Failed Inspections

9.1. If an inspector determines that the installed system varies from the system described in the Rebate Reservation Form or

the Rebate Claim Form, AFI will notify the Applicant through a Failed Inspection Notice Letter that explains the reasons for the inspection failure. The Applicant shall have sixty (60) calendar days from the postmarked date of the Failed Inspection Notice Letter to take one of the following actions:

a. Fix the system based on the comments submitted in the Failed Inspection Notice Letter and reapply for inspection by sending a letter to AFI requesting a new inspection.

b. Accept the inspection failure and accept a reduced revised rebate amount. This amount will be the amount stated in the Failed Inspection Notice Letter, which amount could be zero ($0).

c. Dispute the Inspection failure as stated in Chapter Seven, Section II. For disputing the Failed Inspection Notice Letter, applicant shall have thirty (30)

calendar days from the postmarked date of the Failed Inspection Notice Letter.

Chapter Seven

OTHER PROVISIONS AND EFFECTIVENESS

I. Interpretation

1.1. This regulation shall be interpreted as a whole. In case any one or more of the provisions of this regulation shall for any reason be held by a court of competent jurisdiction to be invalid or contrary to any superseding law or regulation, including ARRA and regulations thereunder, such invalid provision shall be deemed not included and the regulation as a whole shall be construed and enforced as if such invalid provision had not been contained herein.

1.2. This regulation shall not be deemed to waive or modify any applicable provisions of laws or regulations regulating renewable energy systems, equipment, designers, and installers in Puerto Rico. Any applicable certifications and permits shall also be obtained or requested for the Application Documents to be submitted.

II. Filing of Complaints

2.1. Applicants may dispute the inspection failure determinations made under this Regulation within thirty (30) calendar days from the postmarked date of the Failed Inspection Notice Letter. The Applicant shall explain in writing the reasons for which the inspection determination should be reconsidered. If no agreement can be reached between the Applicant and AFI, the case will be settled by EAA.

2.2. Applicants may also file complaints to the Executive Director of AFI when they understand that the provisions of this Regulation have not been complied with. Such complaint shall be filed not later than thirty (30) calendar days from receipt of the notice of the action by AFI (or the EAA) that merits the complaint.

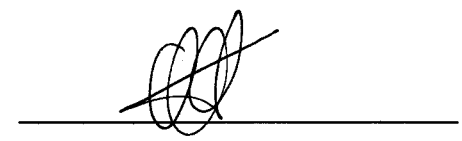
2.3. Complaints shall be processed as provided under AFI's regulation for the establishment of a procedure to answer complaints, if such procedure exists as of the time the complaint

is filed. Otherwise, the Board of Directors shall approve a procedure to answer complaints under the ARRA-SEP Program.

III. Effectiveness

3.1. The Board of Directors of AFI approved this regulation on December 29, 2009.

3.2. This regulation will become effective on the date of its presentation at the State Department.



Executive Director