

C&I REBATE PROGRAM

PROGRAM DESCRIPTION

The C&I Rebate program will provide rebates to commercial & industrial (C&I) customers that install, replace or retrofit qualifying electric savings measures including HVAC systems, motors, lighting, pumps, etc.

As part of this program, Empire will offer rebates to customers to cover up to 50% of the cost of an energy audit. In order to receive the rebate, the customer must implement at least one of the audit recommendations that qualify for a rebate. The energy audit rebate will be set at 50% of the audit cost up to \$300 for customers with facilities less than 25,000 square feet and up to \$500 for customers with facilities over 25,000 square feet. Energy audits must be performed by a certified (CEM, licensed PE or equivalent) commercial energy auditor. Customers may choose their own auditor or Empire can recommend one. Customers with multiple buildings will be eligible for multiple audit rebates. Chain accounts will be limited to two audits per program year.

A limited number of prescriptive rebates for lighting (e.g., fluorescent fixtures and controls, HID fixtures and controls), cooling (e.g., unitary A/C and split systems) and motors will be available for small commercial customers (defined as customers with peak billed demands under 40 kW¹).

All C&I customers, including those that qualify for prescriptive rebates, will be eligible for custom rebates. The custom rebates will be individually determined and analyzed to ensure that they pass the Societal Benefit/Cost Test (defined as a test result of 1.05 or higher).

¹ Rates codes CB (Small Commercial Building Service) and SH (Small Commercial Total Electric Service).

Custom rebates are calculated as the lesser of the following:

- A buydown to a two-year payback
- 50% of the incremental cost
- 50% of lifecycle avoided demand and energy costs

The avoided cost criteria provide a cap on incentives for projects that are relatively expensive for the amount of kW and kWh saved. The table below illustrates what the rebate would be for a “typical” project and what it would be for a project that had marginal demand and energy savings.

Typical Custom Project Used for Benefit/Cost Analysis

Cost per kWh, retail rate	\$	0.0693
Incremental cost	\$	3,500
kWh savings		10,600
Demand savings		3.50
Annual cost savings	\$	734

Rebate at 50% cost	\$	1,750
Rebate at 2 yr payback	\$	2,031
Rebate at 50% avoided costs	\$	2,468

Marginal Custom Project (high cost and low energy savings)

Cost per kWh, retail rate	\$	0.0693
Incremental cost	\$	3,500
kWh savings		6,132
Demand savings		2.00
Annual cost savings	\$	425

Rebate at 50% cost	\$	1,750
Rebate at 2 yr payback	\$	2,650
Rebate at 50% avoided costs	\$	1,421

One customer may submit multiple rebate applications for different measures. Each individual measure will be evaluated on its own merits. Similar measures that are proposed in different facilities or buildings will be evaluated separately. However, no customer, including those with multiple facilities or buildings, may receive more than \$20,000 in incentives for any program year.

PEAK DEMAND AND ENERGY SAVINGS

Years	Demand (kW)	Energy (kWh)
1	285	872,340
2	346	1,061,980
3 – 5 (per year)	408	1,251,619

ESTIMATE OF PROGRAM COST EFFECTIVENESS

Benefit-Cost Test Results				
Total Resource Cost Test	Societal	Participant	Ratepayer Impact Measure (RIM)	Utility Cost
1.13	1.26	3.32	0.42	1.31

PARTICIPATION

Years	Rebate Participation	Audit Participation
1	75	40
2	100	40
3 – 5 (per year)	125	40

It is assumed that there will be 30 small audits and 10 large audits per year.

PROGRAM BUDGET

Years	Program Delivery	Project Management	Marketing	Customer Incentive	Evaluation	Total
1	\$65,000	\$25,000	\$25,000	\$164,000		\$279,000
2	\$75,000	\$28,000	\$27,000	\$214,000		\$344,000
3	\$85,000	\$31,000	\$31,000	\$264,000	\$41,100	\$452,100
4	\$85,000	\$32,500	\$31,000	\$264,000		\$412,500
5	\$85,000	\$34,000	\$31,000	\$264,000		\$414,000

The average audit incentive is assumed to be \$350.

EVALUATION

Budget assumes 10% of Year 3 total project cost. By design, the custom rebate program is self-evaluating. Impacts can be based upon the detailed engineering analysis that is used to determine the rebate levels. A process evaluation could be conducted at the beginning of the third year of implementation.