

## **C&I Energy Audit and Custom Rebate Plan**

KCP&L will offer a rebate program to encourage commercial and industrial customers to install energy efficient equipment to reduce their energy use and lower demand. The program has three components: 1) an energy audit program, 2) a rebate program for existing customers and 3) a rebate program for new construction. The program is available to all commercial and industrial customers.

### ***Product/Service Description/Provisioning***

The C&I Rebate program consists of three individual components:

#### **1. C&I Energy Audit Program**

This program will offer rebates to help customers cover 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 under the Custom Rebate Retrofit Program. 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. Approved commercial energy auditors must perform energy audits. Customers may choose their own auditor from an approved contractor list. Customers with multiple buildings will be eligible for multiple rebates up to the limits shown in Table 1.

#### **2. C&I Custom Rebate Retrofit Program**

This program provides rebates to C&I customers that install, replace or retrofit qualifying electric savings measures including HVAC systems, motors, lighting, pumps, etc. All custom rebates will be individually determined and analyzed to ensure that they pass the Societal Benefit/Cost Test. To be pre-qualified a measure must produce a Societal Benefit/Cost Test result of 1.0 or higher.

Custom rebates are calculated as the lesser of the following:

- A buy down to a two year payback
- 50% of the incremental cost

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. Customers with multiple buildings will be eligible for multiple rebates, up to the limits shown in Table 1.

#### **3. C&I Custom Rebate New Construction Program**

This program will focus on the New Construction market and provide rebates to C&I customers that install qualifying electric savings measures including HVAC

systems, motors, lighting, pumps, etc. As with the C&I Custom Rebate Retrofit Program, all rebates will be pre-qualified to ensure that they pass the Societal Benefit/Cost Test and the Total Resource Cost Test. To be pre-qualified a measure must produce a Societal Benefit/Cost Test and a Total Resource Cost Test result of 1.0 or higher.

Custom rebates are calculated as the lesser of the following:

- A buy down to a two year payback
- 50% of the incremental cost

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. Customers with multiple buildings will be eligible for multiple rebates, up to the limits shown in Table 1.

### ***Market Segment Focus and Market Potential***

The C&I Rebate Programs are targeted at all Commercial and Industrial (C&I) accounts:

- Small commercial and industrial customers (less than 25kW)
- Mid-sized commercial and industrial customers (25kW-200kW)
- Large commercial and industrial customers (greater than 200kW)

### ***Program Objectives***

The following objectives have been identified

- Fund the program fairly and equitably for customers. To this end, KCP&L will try to qualify as many customers as possible and will perform as broad an outreach as possible.
- Test the market in all customer size categories. For each of the 3 categories (audit, retrofit rebate, and new construction rebate), the budget will be divided into 3 portions based on revenue contributions of small, medium and large C&I customers for at least the initial allocation during the program year.
- Get efficiency projects implemented.
- Identify barriers to energy efficiency implementation.

Based on the above, the funding is divided into 3 portions. One portion each for small general service (0-25 kW), medium general service (25-200kW), and large general service/large power service (over 200 kW), as defined by existing tariffs, and based on the contribution of that C&I customer class to overall C&I revenues. During the first 6 months of the program, funding from each portion will be determined with a cap per customer of 10%, 10% and 25% respectively. After the initial six months of the program, other proposals from the same customer that puts them above the cap for the year can be considered but the funding must stay within the appropriate segments portion. Since six months might not be soon enough for

some projects to be completed, KCP&L will not have any requirement for completion date. KCP&L will require receiving demonstration of an earnest commitment for the funding to be reserved

**Table 1**  
**Customer Incentive by Program for Missouri**

<b>C&amp;I Energy Audit</b>	<b>Program Total</b>	<b>MO %: 59.8 MO Total</b>	<b>Small General Service</b>	<b>Medium General Service</b>	<b>Large General or Large Power Service</b>
Year 1	\$ 40,000	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
Year 2	\$ 40,000	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
Year 3	\$ 40,000	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
Year 4	\$ 40,000	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
Year 5	\$ 40,000	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
Initial round rebate cap % per customer			10%	10%	25%

<b>C&amp;I Custom Rebate - Retrofit</b>	<b>Program Total</b>	<b>MO %: 59.8 MO Total</b>	<b>Small General Service</b>	<b>Medium General Service</b>	<b>Large General or Large Power Service</b>
Year 1	\$ 600,000	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
Year 2	\$ 600,000	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
Year 3	\$ 600,000	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
Year 4	\$ 600,000	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
Year 5	\$ 600,000	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
Initial round rebate cap % per customer			10%	10%	25%

<b>C&amp;I Custom Rebate - New Construction</b>	<b>Program Total</b>	<b>MO %: 59.8 MO Total</b>	<b>Small General Service</b>	<b>Medium General Service</b>	<b>Large General or Large Power Service</b>
Year 1	\$ 750,000	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
Year 2	\$ 750,000	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
Year 3	\$ 750,000	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
Year 4	\$ 750,000	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
Year 5	\$ 750,000	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
Initial round rebate cap % per customer			10%	10%	25%

It is difficult to estimate the number and relative size of eligible projects in KCP&L's C&I customer base. There are many factors which influence the demand for these types of programs including rate of new construction, health of the national and regional economy, cost of energy, financial health of the public sector (e.g., schools, state and city government, etc.), state and federal regulations and new technologies.

It is anticipated that the program will undergo a ramp up as knowledge of the programs and understanding on how they work begins to spread through the C&I customer base and our trade allies.

## ***Customer Recruiting and Marketing Strategy***

Custom rebate program leads need to be developed at a steady rate to ensure that the incentive budget is fully utilized. To that end, a marketing program has been developed. The overall C&I Rebate Program marketing plan is based on a multi-channel touch point strategy. This marketing plan has been developed to achieve the desired level of participants to meet program goals.

The broad approach will be to create awareness of the program through a three pronged approach: 1) Targeted promotions through our sales channels and through trade allies. 2) A strong Public Relations effort targeting the business media, and business and trade associations. 3) A targeted advertising campaign focused on the customer base, using bill inserts and messages, direct mail, the KCP&L website, and local business publications where appropriate.

## ***Contingency Plans***

If the C&I programs do not meet the energy and load reduction goals, three contingency options are available:

- Modify the marketing strategy
- Provide more technical support
- Increase rebate levels

Economics of the program will be a major factor in the long and short-run success. Estimates of program costs indicate it is cost effective. The Pilot Program is designed to determine the actual long-run costs and market interest. In the long-term, the cost to acquire customers will need to be closely reviewed to determine whether it is possible to sustain the needed participation rates without increasing incentives. Changes in long-run avoided generation and delivery costs will also be considered.

## ***Monitoring and Evaluation***

### Evaluation:

- Energy Audits: KCP&L will track the effectiveness of this program through C&I Custom Rebate Program evaluations.
- Custom Rebates--Retrofit: By design, the custom rebate program is self-evaluating. Impacts are based upon detailed engineering analysis. The evaluation contractor will independently determine impacts.

- Custom Rebates—New Construction: By design, the custom rebate program is self-evaluating. Impacts are based upon detailed engineering analysis. The evaluation contractor will independently determine impacts.

KCP&L has chosen a partnership of Opinion Dynamics Corporation and Summit Blue Consulting to conduct the process and impact evaluations. Once the contract has been finalized a detailed evaluation plan for each program will be developed.