

Utility Incentives and Services



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By learning about the programs available in the area, a local business can often save money on capital improvements, reduce energy costs and improve its bottom line.

Utility companies provide energy to Main Street districts, but they can also be a valuable resource when considering energy upgrades. Taking advantage of electric and gas utility incentives and services is a common sense approach to improving the viability of buildings in the Main Street district. Knowing what to expect from the utility providers, what to ask and how to make improvements using incentives enables local Main Street programs to better utilize existing resources to revitalize historic commercial buildings.

Iowa's Utility Providers

Iowa's Main Street districts are served by a variety of utility companies. Natural gas and electricity are provided by a single provider in some service territories and by separate providers in others. All of Iowa's natural gas and electricity providers offer their customers incentives to use energy more efficiently. By knowing a little about how the local utility companies are organized and regulated, a local Main Street program can better understand their unique circumstances and ensure they are making the most out of the potential partnership with their utility providers.

There are three types of electric utilities in Iowa: investor-owned utilities (IOUs), municipal utilities (Munis) and rural electric cooperatives (RECs). In many cases, Iowa communities get natural gas from the same company that provides their electricity. However, many smaller utility companies are electric only, and another company provides natural gas in the service areas where they operate.

Investor-owned utilities, municipal utilities and RECs are different in some of the ways they operate and serve customers.

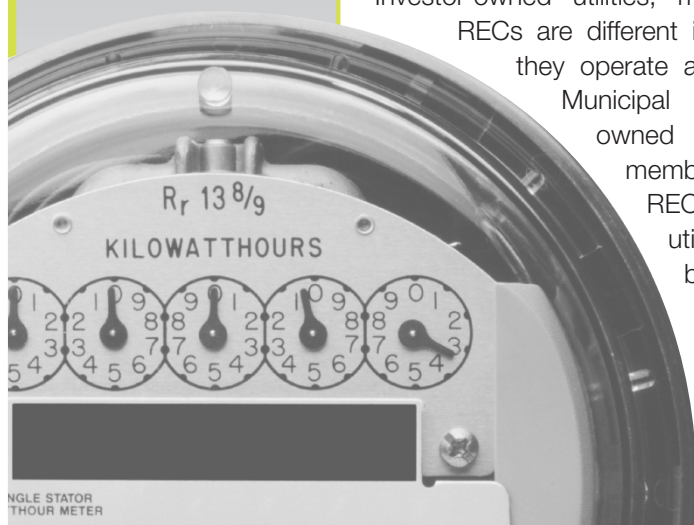
Municipal utilities are publicly-owned and RECs are member-owned. Both RECs and municipal utilities have elected boards of directors and operate as non-profit organizations.

The Iowa Utility Board's (IUB) role in reviewing and approving energy programs and services ultimately impacts the customers in Main Street districts. IUB regulates the rates and services of two investor-owned electric companies and four investor-owned natural gas companies. IUB has limited jurisdiction over the municipal utilities and RECs in the state. One of the IUB's tasks is to coordinate and oversee the utility companies' energy-efficiency programs. IUB is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at a reasonable price.

Annual energy efficiency plans and budgets from the IOUs are submitted to the IUB to encompass a variety of specific services including energy audits, incentives, tree planting programs and more. The requirements for municipal utilities and RECs are less stringent, but the Iowa code requires municipal utilities and RECs to set energy-saving goals and report to the IUB regarding progress in meeting those goals. Propane dealers are not regulated by the IUB and are not required to offer efficiency programs.

Energy Incentives for Commercial Buildings

Although each utility company has its own program(s), many offer similar incentives. In most cases, utilities offer "business" or "non-residential" programs for retail businesses, offices, restaurants and the other types of commercial buildings located in Main Street districts. These programs often cover multi-family residences, which may include upper story housing.



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If a utility company provides both natural gas and electric service, it will offer a full range of incentives for reducing electric, space-heating and water-heating loads. If a company is an electric or natural gas utility only, it will offer incentives to reduce only electric or natural gas usage. In these instances, the electricity and gas providers may collaborate to offer a comprehensive audit.

Energy Audits

Energy audits are a great place to start when formulating an efficiency plan for any building. Many utilities offer free or reduced cost audits to customers, and in areas where electricity and gas are provided by different companies, utilities often partner on audits to provide a complete picture of a building's energy use. The audit may be performed by a utility company employee or a third party energy professional.

Some companies provide a more thorough audit than others. An auditor may perform a simple "clipboard" audit that can be carried out in an hour or two. This type of audit relies on a visual inspection of insulation, windows and doors, appliances, heating and lighting equipment. A more in-depth audit might include infrared photography (to locate areas of heat loss), mechanical tests for building tightness or furnace performance and other types of more advanced analysis. This type of audit may take most of a day.

All energy audits should include an analysis of the customer's billing history to determine the building's "load profile" and make recommendations about where the largest savings may be found.

If the provider does offer an audit, it is important to take advantage of that opportunity before initiating any project. Make sure the audit covers the energy-use categories that are pertinent to your business and your project and takes into account all of your energy use—electricity, natural gas, etc. Get the recommendations in writing and discuss the findings with the auditor.

Prescriptive Rebates

Prescriptive rebates are the most common incentive in utility energy-efficiency programs and provide standardized incentives for the most common efficiency improvements like insulation, appliance upgrades and lighting. By offering "cash back" for energy-efficiency improvements, utility providers can help their customers reduce the payback period of the investment those improvements represent. There are four basic classifications of "business" or "non-residential" rebates that most utilities offer:

- **Lighting:** Lighting is often one of the costliest energy expenditures businesses face. Rebates are available for upgrading to high-efficiency fluorescent or LED lighting for interior spaces, as well as upgrades for outdoor lighting and lit signage.
- **Heating and Cooling:** Many older, historic buildings have heating systems that are 20, 30 or even 50 years old—some even older. Although they may operate without problems, replacing them with new high-efficiency HVAC (Heating, Ventilation and Air Conditioning) equipment can substantially reduce energy bills. Water heaters and air conditioners also are eligible for rebates.
- **Equipment:** Restaurants, grocery stores and other types of businesses may rely heavily on ovens and cookers, refrigerators and walk-in coolers, pumps, motors and other types of equipment. In some cases, office equipment also may be eligible.
- **Building Shell:** When a business is remodeling or upgrading a commercial building, utility providers will often assist with rebates for more efficient windows and doors as well as for increased insulation in walls and ceilings.

Custom Rebates

Utilities often will allow customers to propose projects that don't fit neatly into other incentive categories and will offer what are often called "custom rebates". These may include large heating and cooling projects, major remodeling, new construction or equipment that is not typically covered in their prescriptive rebate program.

Woodbine: On-bill financing

On-bill financing works much like performance-based contracting, but is not tied specifically to the energy savings. Main Street Iowa community Woodbine, Iowa has an on-bill financing program. Woodbine Municipal Light and Power offers loans up to \$3000 to downtown businesses to make energy improvements. These zero interest loans have a duration of 60 months, and the loan payment is included on the monthly utility bill.

Renewable Energy Rebates

A few of Iowa's utility companies are beginning to offer incentives for the use of renewable energy technologies like wind and solar. Two examples are:

Waverly Power and Light, a municipal utility in one of Iowa's Main Street communities, offers a rebate for the installation of solar water heating systems.

Alliant Energy's "Renewable Cash-Back Rewards" program offers rebates for solar photovoltaics (PV), wind, renewable biomass and anaerobic digesters. Businesses in Alliant Energy territory qualify for these rebates. This program is unique in that customers can receive a larger rebate for their renewable project if the business meets certain energy efficient objectives, as determined by an energy audit.

Other Financing Mechanisms

A utility may offer other types of financing options to its customers. These may include:

Interruptible/Time-of-Day Programs: Although they do not technically improve energy efficiency, these programs offer customers reduced rates for using less electricity at times of "peak" demand. The customer agrees to set back thermostats or curtail other high-use activities when the utility is experiencing high demand. These pre-determined setback levels may be controlled either by the customer or remotely by the utility.

Performance-Based Financing: Some utilities offer financing assistance for projects through guaranteed energy savings. The utility provider assumes the up-front cost of the prescribed efficiency improvements and receives payments from the utility customer based on the reduction of its monthly bill. The customer's payment remains the same as before the improvements, but at the end of the payment period, the customer realizes the entire savings on their monthly bill. This system allows a customer to perform improvements without restricting its cash flow. In a performance-based scenario, the utility may directly contract to make the improvements or they may offer the customer a low (or no) interest loan to perform the improvement (on-bill financing).

Design Assistance: The utility provider may have experts on staff or may work with a third party firm to provide design and engineering assistance for remodeling projects, heating and cooling or control systems. These may be free services or may be performed at a reduced cost.

Communication with the Utilities

The different types of utilities that serve Main Street districts across Iowa (municipal utilities and investor-owned utilities) have varying methods for communicating with its customers. In most cases, information about their efficiency incentive programs are available on the utility company's website. Smaller municipal utilities may not have web-based information, in which case customer

service can direct callers to the appropriate staff member to assist them. In the case of investor-owned utilities, all of those serving Main Street districts have complete information on their website. Nonetheless, it is good to find the contact information for the company's local representative and establish a relationship with that individual.

It is vital to contact the utility provider early in the planning process of any energy project in order to maximize potential savings through incentive programs. Before commencing any work or purchasing any products, it is important that the customer fully understands the rules, restrictions, specifications and effective dates of any incentives it may wish to utilize.

Here are some questions a customer should ask the utility provider:

- Do you offer an energy audit for business customers? What is included in the audit?
- If you do not offer a free audit, do you offer a rebate or discount for audits?
- Do you have an online, self-audit tool?
- Can the provider help assess the savings a project will bring?
- Is the business eligible for any rebates?
- Is there an age requirement on older equipment that can be replaced? For example, how old does a furnace or appliance need to be to qualify for replacement?
- Does the rebate/incentive form have to be submitted prior to ordering equipment and commencing work?
- Is an approved form required before starting work?
- If not, how long does the customer have to submit the rebate form after the work is performed or the equipment is installed?
- Does the work need to be completed in a certain amount of time?
- Do you provide a list of contractors that are approved to do the work?
- Is it necessary to use approved and/or licensed contractors to do the work?
- What projects can owners do themselves?
- Does the equipment being replaced have to be disposed of or can it remain in operation?

Where to Go from Here

After familiarizing themselves with the utility incentive programs for which they are eligible, businesses can make well-informed decisions about how to move ahead with energy-saving projects. And because not every utility provider offers the same menu of rebates and services, it is important that utility customers work closely with their provider. In most cases, utilities will be happy to work with customers to utilize their programs to the fullest potential.

For more information on utility rebate programs, please visit these websites:

Iowa Utilities Board: Overview of Energy Efficiency Plans and Programs in Iowa

www.state.ia.us/government/com/util/energy/energy_efficiency.html

Iowa Association of Municipal Utilities: Efficiency Overview

www.iamu.org/services/electric/efficiency/default.htm

Iowa Association of Rural Electric Cooperatives

www.iowarec.org/

Iowa Utilities Association

www.iowautility.org/asp/aboutiua.asp

Alliant Energy Business Services

www.alliantenergy.com/UtilityServices/ForYourBusiness/index.htm

MidAmerican Energy Non-Residential Services

www.midamericanenergy.com/ee/ia_bus_info.aspx

Database of State Incentives for Renewables & Efficiency

www.dsireusa.org/

Black Hills website

www.blackhillsenergy.com/services/programs/homes-heateff-ia.php

ATMOS website

www.atmosenergy.com/home/efficiency/iowa.html

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Titles include:

- Energy Efficiency Basics
- Utility Incentives and Services
- Energy Audits and Assessment Tools
- Grants, Loans and Tax Incentives
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