



# PEC Energy Efficiency Rebate Update

Bradley Clark, Manager, Energy Services

December 18, 2017

# PEC Energy Efficiency (EE) Program

- Current EE Program Established 2011
- Board Resolution Directs:
  - Energy Audits
  - Commercial Lighting and HVAC
  - Residential HVAC
  - Cost Effective per PUC SR 25.181
- Adjustments are Needed:
  - Align with current Board Strategy
  - Improve Cost Effectiveness
  - Scale to Reach More Members
  - Flexible to Respond to Needs
- Maintain Program “As-Is” for 2018 and Roll-out New Programs for 2019

## Member Rebate & Financing Programs



Pedernales Electric offers rebates for our residential and commercial members to encourage more efficient use of electricity. Follow the links below for more information about our HVAC

### HVAC Rebates

Are you considering replacing your heating, ventilation and air conditioning (HVAC) system? PEC offers rebate incentives to residential members for the installation of energy-efficient systems.

[Learn More »](#)

### Commercial Rebates

PEC encourages conservation by offering our commercial members rebates to help upgrade or install energy-efficient lighting, HVAC and motor controls.

[Learn More »](#)

# 2017 Rebate Program Overview

## Residential HVAC Rebates

- **Incentive Levels & Minimum Qualifications:**
  - Central A/C with Gas: \$300 per unit (16 SEER/12.5 EER)
  - Heat Pump: \$350 per unit (16 SEER/12.5 EER)
  - Ground Source Heat Pump: \$300 per ton (17 SEER/17 EER)
- **Funding & Member Impact:**
  - \$440,000 with all funds allocated by August
  - 885 participating Members (~\$500/Member)
- **Deemed Savings:** ~650 kW; ~2,200,000 kWh (projected)



## Commercial Rebates

- **Incentive Levels & Minimum Qualifications:**
  - Lighting: \$300 per kW (10 kW reduction)
  - HVAC: \$350 per kW (10 kW reduction)
  - Variable Frequency Drives (VFDs): \$230 per kW (10 kW reduction)
- **Funding & Member Impact:**
  - \$200,000 with all funds reserved by September
  - 47 Members (~\$4,250/Member)
- **Deemed Savings:** ~900 kW; ~3,400,000 kWh (projected)



# 2017 Rebate Program Observations & Opportunities

## Strategic Alignment

- Programs in place since 2011
- Developed during a period when strategic focus was principally on energy conservation (kWh reduction)
- Current conditions and strategic goals are targeted towards peak demand management (kW reduction)

## Scalability

- Cooperative's membership of 250,000+ continues to grow at a steady annual rate
- Existing rebate programs reach less than 1,000 Members annually (<0.4%)
- As currently structured, existing programs do not provide sufficient reach to achieve a meaningful impact

## Cost Effectiveness

- While cost effective, alternative programs and options now available may offer improvements
  - Residential: ~\$676/kW (\$440,000 (rebates) / ~650 kW (deemed savings))
  - Commercial: ~\$222/kW (\$200,000 (rebates) / ~900 kW (deemed savings))
- With Cooperative's avoided cost of ~\$52/kW, the simple payback for each incentive stretches several years
  - Residential: 13 years (\$676/kW / ~\$52/kW-Year)
  - Commercial: 4.3 years (~\$222/kW / ~\$52/kW-Year)



# 2018 Rebate Program Recommendations

## Maintain

- Continue existing program approach, funding and rebate incentives at 2017 levels
  - Residential: \$440,000
  - Commercial: \$200,000
- Re-open program and begin to accept Member applications on January 1, 2018

## Refine

- Energy Services will continue to evaluate program design options that will provide attractive Member benefit while enabling better strategic alignment, scalability, and cost effectiveness
- Energy Services will plan to provide Board with specific recommendations and options to formally consider by Spring, 2018

## Transition

- Based on Board review of program design alternatives and related guidance, Energy Services will prepare a transition plan to enable roll-out of program revisions as part of 2019 budget cycle
- Limited scope roll-out and pilot testing may be accomplished in 2018





pec.coop