

➤ Lighting – Small Business

A. Description

The Lighting – Small Business product offers free lighting audits, rebates and support for energy efficient lighting upgrades to Public Service’s small- and mid-sized business customers with annual peak demand of up to 400 kW. In addition to lighting, the customer will be informed of other energy saving opportunities available for rebates, such as heating, ventilation, cooling, motors, and recommissioning of their existing equipment.

The product aims to overcome specific barriers that often prevent small businesses from investing in energy efficiency measures, such as:

- Lack of knowledge of energy savings potential in lighting system upgrades;
- Lack of time to complete all the necessary steps to upgrade lighting system;
- Lack of capital to make lighting improvements;
- Uncertainty of value when facility is not owner-occupied; and/or
- Limited access to qualified contractors due to small margins on some projects.

To address these issues, the product offers:

- a. Intensive outreach to bring resources to the customer, rather than relying on the customer to seek them out;
- b. Simple, one-stop services that keep customer time requirements to a minimum;
- c. Computerized lighting audits and reporting systems that generate site-specific feedback and reports;
- d. Objective recommendations backed by the credibility of the Company;
- e. Introductions to participating lighting trade partners;
- f. Substantial rebates to offset the cost of installing energy efficient fixtures and lamps;
- g. Assistance with preparing and submitting the rebate paperwork to the Company;
- h. Midstream LED lamp incentives; and
- i. Direct installation of LED lamps and aerators, ~~weather stripping, pre-rinse spray valves, and showerheads.~~

To facilitate the above offerings, the Company employs a third-party implementer to provide the following services:

- Free lighting audit when customer agree to participate in the product;
- Identification of other non-lighting energy savings opportunities during the audit and, at a minimum, making customers aware of other rebate opportunities;
- Access to a network of qualified contractors, approved by the Company, to aid the customer in implementation of lighting retrofits;
- Serving as a liaison between the customer and the contractor;
- Maintaining engagement with the customer to ensure that recommended measures get implemented and assist the customer, as needed, in hiring a contractor; and
- Reviewing and submitting the customers’ application for rebate.

Direct Install for Immediate Savings – Customers with an annual peak demand of less than 100 kW will qualify for participation in the direct install (DI) component of the product. Based on market data, the list of DI eligible lamps will be expanded starting in 2017 to better meet the needs of small business customers. While onsite for the lighting assessment, the third-party implementer will perform free installation of the following energy savings measures, where applicable:

- a. Select screw-in LED lamps; and
- b. Aerators in public restrooms and kitchen sinks.

B. Targets, Participants & Budgets

Targets and Participants

The targets for this product were derived from historical data, market data, and equipment deemed savings values in Colorado. Trade participation and feedback, and lighting industry economic and market trends also influenced estimates.

Due to an error in the technical assumptions the forecasted kw and kwh targets for the Lighting – Small Business product in 2017 – 2018 were slightly skewed with the kWh savings projected higher than what the actual forecast represented. The Company will strive to achieve the full target for the product as agreed upon in settlement.

Budget

The forecasted expenditures in 2017 and 2018 for this product are based on projected participation levels, promotion, and administrative expenses. The majority of the product costs are driven by third-party costs for implementation of the program, in addition to customer rebates and promotional expenses.

C. Application Process

The Company promotes the Lighting – Small Business product primarily through the outreach efforts of a third-party implementer. Secondary outreach is likely to occur through the Company's Account Managers, contracted trade allies, and/or other marketing efforts such as mailings, newsletters, and the Company website.

The BSC is also available for all small- and mid-sized business customers, who may inquire about lighting rebates. The BSC may refer new leads to the third-party implementer for follow-up. The third-party implementer is expected to aggressively promote the product to increase participation.

The third-party implementer offers and conducts a free lighting audit at the customer's facility and provides a written report of the energy saving findings. At the time of the audit, customers with an annual demand of 100 kW or less may qualify for direct installation of specific measures (as outlined above). Throughout the process, the third-party implementer will assist customers in

applying for rebates for qualifying equipment, reviewing completed applications, and ensuring that there is a detailed invoice for the newly installed equipment.

The third-party implementer will also assist customers in applying for a Custom Efficiency lighting rebate for projects that do not fit into the prescriptive rebate offerings. Project analysis and preapproval of Custom Efficiency lighting projects is required prior to equipment purchase and installation; the third-party implementer assists the customer with that process.

After the customer has installed the equipment, the rebate application and invoice must be submitted to the Company within 12 months of the invoice date. Once the paperwork is completed and submitted, rebate checks will be mailed to the customer as indicated on the rebate application.

D. Marketing Objectives & Strategies

The target customers for this service are small- to mid-sized businesses with up to 400 kW of annual demand. The key marketing objective is to raise awareness, interest and participation in the product, contributing to achievement of the Company's energy savings goal. The product is marketed primarily through the third-party implementer—they are required to meet the implementation targets for which they are contracted and they will deliver the marketing strategies needed to meet them.

E. Product-Specific Policies

Lighting – Small Business has a number of product-specific policies:

- The product is for customers with peak electricity demand of 400kW or less; customers with an annual demand of 100 kW or below may qualify for direct installation of specific measures at the time of the lighting audit (as described above).
- All rebated equipment must be new, meet all product rules and requirements, and the application must be submitted within 12 months of the invoice date.
- Rebates assume a one-for-one replacement of retrofit fixtures that will result in energy savings.
- Once completed paperwork is submitted, rebate payments are usually issued in six to eight weeks.
- Preapproval is required for Custom Efficiency small business lighting projects prior to the purchase and installation of lighting equipment. The customer has up to 24 months after the preapproval date to implement the lighting project. Custom projects that exceed that timeframe, or have significant equipment deviations from the original plan, require reanalysis and approval.

F. Stakeholder Involvement

The third-party implementer has considerable influence on the success of the product, as they will be the face of the Company to potential participants. The Company expects that the third-party implementer will engage stakeholders in the implementation of this product.

Lighting trade partners are an important stakeholder as they will be performing the lighting retrofits as well as promoting the product to customers. The Company expects the third-party implementer to continue to grow the trade partner list of qualified contractors available for lighting retrofits. The trade partners on this list will have a vested interest in the product's success, as they will benefit from the work generated by the audits.

Stakeholders are also involved in the product through the Lighting Advisory Board and quarterly DSM Roundtable Meetings. The Lighting Advisory Board was formed as a collaborative effort between several key lighting professionals and the Company's management team. The objectives of the board are to identify gaps in the product offerings, suggest areas of improvement, and to offer a forum for open discussion of lighting topics. The Board will continue to meet on a regular basis, or as long as needed.

G. Rebates & Incentives

Prescriptive rebates will be paid for the qualifying equipment identified in Appendix G: Technical Reference Manual for the Lighting Efficiency product.

Third-party implementer project management services and direct installations will be performed at no additional cost to the customer.