

SMART INCENTIVES FOR SMART PROJECTS

PROJECT INCENTIVE FUNDS FOR INDUSTRIAL DISTRIBUTION CUSTOMERS

LOOKING TO GIVE YOUR FACILITIES AN ENERGY EFFICIENCY BOOST? OUR PROJECT INCENTIVE FUNDS CAN GET YOU THERE FASTER THAN EVER.

Lower operational and maintenance costs. Modernized, high-performance equipment. Radically reduced waste. Major environmental benefits. They're a few of the rewards that go hand-in-hand with energy efficiency improvements. In other words, efficiency projects just make sense—for your productivity, your environmental performance, and your bottom line.

Still, we understand that not every efficiency project will be able to clear your internal investment hurdles. Not without a bit of help, that is. Fortunately, Power Smart's Project Incentive Funds can help you to pay for efficiency improvements, maximizing your savings and shortening your project payback period to as little as one year.

If you are a BC Hydro medium size industrial customer, with an electricity spend of more than \$50,000 per year, virtually any of your electricity-using systems may be eligible for funding, from pumps, compressed air, refrigeration, fans and blowers to lighting. Depending on the scope of your project, you could benefit from incentives up to \$500,000, and you'll continue to reap major energy savings for many years to come.

IS THIS PROGRAM FOR YOU?

As a part of the Power Smart Partners Program, our Project Incentives Funds are designed to benefit medium sized industrial customers who are looking to reduce their electricity consumption through capital improvements. We encourage any organization that meets these simple eligibility criteria to apply:

- You are served by BC Hydro at distribution voltage (i.e. less than 69 kV) and are billed under rate class 1200, 1201, 1210 or 1211.
- You currently spend more than \$50,000 per year on electricity.
- Your improvement project is projected to save a minimum of 50,000 kWh annually (bundling of smaller projects in a single application is welcome).
- Your efficiency project is permanent in nature (hardwired) and the project payback without our funding is greater than one year.

If you need help in identifying and investigating potential projects in your facilities, we also offer full or partial funding for a number of site and system assessments. To find out more, give us a call or visit bchydro.com/industrial.

SAVE NOW, SAVE FOR YEARS

Our incentives mean short payback periods for projects that will save on energy costs well into the future.

BE AN ENERGY LEADER

Your commitment to environmental stewardship won't go unnoticed by your customers and business peers.

RELIABILITY, SAFETY, CONTROL

Improved efficiency equals improved reliability, productivity, and safety—all translating into a genuine competitive edge.

IT'S EASIER THAN YOU THINK

While some of the math behind our incentive funds can get complicated, the process is really quite simple.

First you submit an application and proposal, which should include a description of the project, the projected electricity savings (+/- 10 percent), the cost of the project, and the current baseline consumption. If you've already conducted one of our Energy Efficiency Feasibility Studies, your study report can easily serve as your proposal. (And, as a bonus, you'll also be eligible to have your feasibility study fully funded by BC Hydro upon project completion.)

Once your application is submitted, we'll review it and provide you with an incentive agreement on approval (usually within one to three weeks, depending on how involved the project is). Sign the agreement, and then it's time to carry out your project.

Fast forward to the completion of your efficiency improvements. You submit a set of completion documents, and we'll send a representative to your site to take a look at the improvements. Once we've confirmed that the project is done, we issue your payment.

GET POWERFUL INCENTIVES

We award incentive funds for projects that will reduce energy consumption over their entire lifespan, up to 10 years. To determine the total project incentive, we use the smaller of the following three amounts, up to a maximum of \$500,000.

- Seventy-five per cent of the total project cost
- The amount required to reduce your project's simple payback period to one year
- The total electricity (in kWh) saved over the project's projected savings lifespan (to a maximum of 10 years), multiplied by the eligible incentive rate (which ranges from \$0.015 to \$0.035 per kWh saved)

Payment Schedule:

For projects that save less than 500,000 kWh per year and that are eligible for an incentive less than \$100,000, we'll issue 100 per cent of the payment after we confirm the completion of the project.

For projects that save more than 500,000 kWh per year or that are eligible for an incentive larger than \$100,000, we'll issue 75 per cent of the payment after project completion, and the remaining 25 per cent payment after final project measurement and verification (M&V) by BC Hydro—typically one year after project completion.

Example Project: Compressed Air System Improvements

INITIAL PROJECT COST (WITHOUT INCENTIVE)

Capital costs: \$150,000
Annual savings: \$50,000 kWh/year
(1,000,000/year at \$0.05/kWh)
Payback: 3 years

PROJECT INCENTIVE CALCULATION

The lowest of the 3:

1. \$112,500 (i.e. 75 per cent of total project cost)
2. \$100,000 (i.e. the total cost minus one year's savings)
3. \$160,000 (i.e. 1,000,000 kWh/year for 10 years at \$0.016/kWh*)

In this case, the total project incentive would be \$100,000.

FINAL PROJECT COST (WITH \$100K PROJECT INCENTIVE)

Capital costs: \$50,000
Payback: 1 year
Electricity Savings after 10 years: \$500,000
Up-front Project Incentive: \$100,000
Total Project Savings: \$600,000

* The incentive rate is determined after a financial evaluation by BC Hydro and ranges from \$0.015 to \$0.035 per kWh.

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IF YOU'RE READY TO EMBARK ON AN ENERGY EFFICIENCY PROJECT

Contact your Key Account Manager, or give our Customer Care people a call.
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