



# Distribution Project Incentives

## Efficient upgrades save energy and money.

If you're like many industrial customers, you've already started to make smart energy management a part of how you do business every day. Along the way, you may have found that budgets for energy efficiency upgrades are not always easy to come by—no matter how much money the upgrades will save. That's where our incentives come in. If you're considering a qualifying upgrade, we offer funding for as much as 75% of your project costs, up to \$500,000. The offer is a comprehensive incentive that covers all aspects of your project—including equipment, design, installation, disposal, and tax. Of course, that's over and above your ongoing savings on energy and other operating costs.

## Is this offer for you?

An industrial distribution customer can take part if:

- You've taken part in our Strategic Energy Management offer or applying for incentives through the New Plant Design program.
- Your facility uses more than one gigawatt-hour of electricity per year.

## The offer

The incentive funds are awarded to projects that will reduce energy consumption over their entire lifespan, up to 10 years. To determine the total project incentive, we use the smallest of the following three amounts, up to a maximum of \$500,000:

- 75% of the project cost.
- The amount needed to reduce the payback period to one year.
- The total lifespan electricity savings multiplied by the eligible incentive rate.

The incentive rate is determined after a financial evaluation, and ranges from \$0.015 to \$0.029 per kilowatt-hour.

## Some project guidelines apply:

- Your project must be a hard-wired facility upgrade with an expected lifespan of five years or more.
- Upgrades should have a projected savings of at least 50 megawatt-hours annually and a pre-incentive payback period greater than one year. Projects may be bundled to meet minimum.
- Your site must be operational for a minimum of six months prior to application.

### Upgrade to save

First, save on major upgrades with our incentives, then keep on saving on energy and operating costs for years to come.

### Upgrade to perform

An efficient system is a high performance system. That means better quality products and improved customer satisfaction.

### Upgrade to lead

Become an industry leader in progressive energy use.

## Sample project

Let's say that you are planning a system upgrade that will cost \$200,000 and save 1,000,000 kWh per year for 10 years.

### Before incentive

|  |                           |           |
|--|---------------------------|-----------|
| Without any project incentives, this project would pay for itself in two and a half years. | Project costs:            | \$200,000 |
|  | Projected annual savings: | \$80,000* |
|  | Payback period:           | 2.5 years |

### Incentive calculation

The available incentive is determined by the lowest of three calculations:

- 75% of the project cost:  $\$200,000 \times 75\% = \$150,000$
- The amount needed to reduce the payback period to one year (i.e. the project cost less one year's savings):  
 $\$200,000 - \$80,000 = \$120,000$
- The total lifespan electricity savings multiplied by the eligible incentive rate:  
 $1,000,000 \text{ kWh/yr} \times 10 \text{ years} \times \$0.016/\text{kWh}^{**} = \$160,000$

Therefore, this project is capped at the amount needed to reduce the payback period to one year—in this case, \$120,000.

### After incentive

|  |                                  |           |
|--|----------------------------------|-----------|
| With a project incentive of \$120,000, the payback period will be reduced to just one year. This project will also continue to save on energy costs for the next 10 years. | Project costs (after incentive): | \$80,000  |
|  | Payback period:                  | 1 year    |
|  | Lifespan electricity savings:    | \$800,000 |
|  | Project incentive:               | \$120,000 |
|  | Total project savings:           | \$920,000 |

\* Based on 1,000,000 kWh per year for 10 years at a typical rate savings of \$0.08/kWh. Rate is for example only and does not factor in taxes or net present value.

\*\* The incentive rate is determined after a financial evaluation by BC Hydro and ranges from \$0.015 to \$0.029 per kWh.

## Let's talk

To find out more, contact your Key Account Manager

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