

Colorado Springs Utilities

Business Custom Rebate Rules and Instructions

1. Introduction

The Business Custom Rebate (“BCR”) is a Demand-Side Management (“DSM”) program sponsored by Colorado Springs Utilities (“Utilities”). The goal of the program is to engage with Utilities’ customers to achieve Demand (kW) and Energy (kWh) reductions, as well as reduce Green House Gas (“GHG”) emissions to facilitate Utilities’ associated goals and statutory requirements. This BCR program consists of two rebate tracks, as follows:

Rebate Track 1: Track 1 is for customers with unique or business specific equipment not covered by any other Colorado Springs Utilities rebate. Projects under this track will reduce kW and/or kWh load on the Utilities electrical system.

Rebate Track 2: Track 2 is for customers who wish to install equipment that aligns with the Utilities’ goals to reduce GHG emissions in the service territory. Projects under this track will reduce the direct reliance on fossil fuels as an energy source. Track 2 is intended to pilot and develop GHG reduction methods. Projects under this Track may include novel and or innovative approaches that represent significant changes to current processes. In addition to the budgetary constraints, there may be limits set on the number of application approved and/or the number of individual units installed. The limits will remain in place until Utilities can evaluate lessons learned and adjust this program to insure value for both the individual customer and the ratepayers.

Upon receipt, applications will be reviewed by Utilities and assigned to the appropriate Track.

2. BCR Program Schedule and Budget

Utilities will initiate an annual BCR cycle, subject to budget approval. Each BCR year’s kickoff date will occur on the first working business Monday in January and will continue on a first come, first served basis until the available budget for that year is fully allocated or until November 15 of the same year, whichever occurs first. During the annual cycle, applications may be submitted at any time.

The BCR budget is anticipated to be \$175,732 in 2025. Additional funds are available for Track 2 projects. Rebates funds are subject to availability of funds resulting from the budget process and Utilities Board approvals. If the current year’s BCR funding is committed, subsequent applications will be placed on a waiting list in the order they are received should rebate monies become available in the current year.

3. Approved Project Completion Deadlines

All portions of approved projects including Measurement and Verification (“M&V”) and final paperwork submission must be completed before November 15th of the following program year. If a Customer experiences conditions beyond their control they may be granted an extension up to one (1) year upon Utilities’ approval.

4. Eligibility. To be eligible for a BCR, a Customer must submit an application in accordance with the requirements of these Rules and demonstrate that the Customer and the proposed project meet the following eligibility requirements. **The final determination of eligibility of a proposed project shall be at the discretion of Utilities.**

4.1 Customer Eligibility Requirements

Customers participating in the BCR, for either Track, must meet the following minimum eligibility criteria:

- Customer is a Utilities customer;
- Customer’s Utilities account(s) listed on the application must be current and non-delinquent (i.e. no past due balances) at the time the rebate application is processed for payment; any account delinquencies following approval of a BCR will limit rebate payments to a credit on Customer’s Utilities bill;

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- Customer must be on a non-residential, commercial electric and/or gas rate; and
- Customer must provide access to project facilities for independent M&V of installation and/or realized savings.

4.2 Project Eligibility Requirements

Track 1: The goal of this track is to provide an incentive to Customers to reduce demand and/or energy use. Projects appropriate for this program provide Utilities with reasonable assurance that the savings rebated will be sustainable for the anticipated life of the project. All projects in Track 1 must meet the following minimum requirements:

- Have a simple payback of more than 1 year without the rebate and less than the estimated measure life including the rebate;
- Yield a sustained reduction of demand and/or energy;
- Be new equipment only; Requests to keep old equipment in place for emergency use only will be reviewed and approved by Utilities on a case-by-case basis;
- Exceed the minimum International Energy Conservation Code (“IECC”) energy efficiency code requirements; the version of the IECC code in force with the Regional Building Department at the time the permit is issued or the date the rebate application is received (if no permit is required) will be used to determine energy savings; and
- Constitute a retrofit to existing facilities as new construction is not eligible for Track 1 rebates.
- LED Lighting upgrades do not qualify under this program.

Track 2: The goal of this track is to provide an incentive to Customers to transition from the use of fossil fuels to electricity as an energy source. Customers may submit technologies for review by Utilities for potential inclusion in this track. Inclusion of technologies in this track is at the sole discretion of Utilities. All projects in Track 2 must meet the following minimum requirements:

- Be a technology type specifically identified by Utilities as an area of interest through Utilities’ posting on its BCR website;
- Comply with additional, specific requirements for each technology type posted on the BRC website; and
- Be new equipment only; and
- Projects may address either new or existing construction.

4.3 Emergency Project Preapprovals

The program manager may grant a conditional preapproval if a Customer can demonstrate that the proposed project is critical to the Customer’s business process, requires immediate replacement, and that the regular rebate process would cause an undue burden with respect to time. This conditional preapproval only eliminates the need to wait for the approval letter prior to purchasing equipment, all other requirements remain in effect. Equipment installed prior to the receipt by Utilities of the Application is not eligible for a rebate.

5. Rebate Amount and Payment

5.1 For approved, eligible projects, the rebate amount will be calculated by Utilities on a case-by-case basis and based on the benefit(s) the project provides to Utilities’ DSM goals. Calculations may include (but will not be limited to) the kW and kWh reduction, GHG reduction, how long the measure is expected to remain in service, the costs and benefits to the customer, and the confidence that the reduction in demand, energy or greenhouse gas reduction is permanent.

5.2 A total project rebate payment may not exceed fifty percent (50%) of the project cost, fifty percent (50%) of the Utilities avoided costs or seventy-five percent (75%) of the additional cost to install the

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high efficiency option vs the lower cost, less efficient option.

5.3 A Customer may receive a credit for the rebate payment on the Utilities electric account listed on the Application or payment through a check. Issuance of a check to the Customer will require a completed W-9 (Oct. 2018 Rev.). Rebate payments to Third Parties may be made by Utilities at the request of the Customer but, requires Utilities' approval. Third Parties assigned a Customer's rebate must submit: 1) A W-9 (Oct. 2018 Rev.) completed by the Third Party; and 2) An authorization letter from the Customer approving the payment of to the Third Party, signed by the Customer.

6. Participation Process

This section provides information on participating in the BCR including the required steps involving paperwork submittals and milestones.

5.1. Seven Step Process

- 1) The Customer provides Utilities with a completed, signed Business Custom Rebate Application. **The application must be received by Utilities prior to the purchase of materials.**
- 2) Utilities will review the Application for completeness and schedule a meeting at the Customer's sites to verify existing conditions and review the proposed measures. If the review of the information in the Application or site visit uncovers any discrepancy Utilities will pursue clarification with the Customer (see Appendix 1).
- 3) Using information received from the Customer in the Application and the site visit, Utilities will evaluate the proposed project and determine the following:
 - Eligibility for a rebate
 - Track 1: The estimated kW and kWh savings
 - Track 2: The estimated GHG reduction
 - The Measurement and Verification required
 - The estimated rebate amount (See Appendix 2)
- 4) Upon completion of the evaluation, Utilities will provide to the Customer either an Approval to Proceed letter or a non-Qualification letter. The Approval to Proceed letter serves as official notification that all BCR requirements to date have been met. The Approval to Proceed Letter will state the **anticipated** kW/ kWh or GHG reduction and the amount of the **potential** rebate. An attachment to the letter will list the required Measurement and Verification requirements. If within ninety (90) days from the issue date of the Approval to Proceed letter, the Customer has taken no action to begin retrofit efforts by ordering equipment or beginning reconstruction, the BCR Program Manager may release the rebate monies reserved and return those monies back to the BCR budgets' available funds. **Only after the Approval to Proceed letter is received may the customer purchase the equipment or materials.**
- 5) Customer proceeds with construction and, when complete, notifies BCR Program Manager.
- 6) **Utilities will perform a post-inspection of the work performed** and review the Final Measurement and Verification (M&V) data to determine the **actual** kW/kWh/GHG reduction.
- 7) Based on the actual kW/kWh/GHG verified during the M&V process, the potential rebate amount listed on the Approval to proceed letter will be adjusted up or down accordingly. Utilities will issue a credit or check to the Customer.

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Appendix 1 - M&V Inspections

The inspections consist of a pre-installation inspection to verify the baseline and a post-installation inspection to verify that the retrofit was installed as proposed and documented. The M&V inspections require the presence of at least one Customer representative who is familiar with the project and the facility. If electrical measurements are necessary, the Customer's representative is required to coordinate with the Customer any necessary disruptions in equipment operation, the opening of any electrical connection boxes, or the connection of current and power transducers. Utilities will work with Customers to identify a mutually convenient time to conduct any inspection activities. If the inspections cannot be completed in a timely manner because the representative is unfamiliar with the facility or project or because the inspections cannot be scheduled within a reasonable time as determined by Utilities, the rebate funds will be put at risk.

Based on the results of the inspections, BCR Program Manager may request that the Customer correct and resubmit the relevant forms and/or documentation.

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Appendix 2 – Project Evaluation and M&V Determination

Note that each project will be unique and may require evaluation specific to the proposed technology. The evaluation criteria listed below will be applied to all projects.

Measure Type

- Early Replacement
 - Measures to replace equipment with more than fifteen (15) percent of the estimated life remaining will be considered early replacement
 - Energy and demand savings will be determined by comparison of existing equipment to new equipment
- End of Life
 - Measures to replace equipment with less than fifteen (15) percent of the estimated life remaining will be considered at the end of life.
 - Energy and demand savings will be determined by comparison of new equipment to any applicable code minimums or lower efficiency equipment with similar capacities.

Load Shape

- Are the energy savings seasonal, production related, continuous, etc.?
- Are the energy savings subject to scheduling day or night?

Effect on other utilities

- Does the proposed measure reduce use for one service but increase use in another?
 - Example: moving from an air-cooled process to a water-cooled process.

Calculated savings from M&V

- All savings will be determined to within a ninety-five (95) percent confidence interval.
- Demand savings will be determined on a monthly basis.
- kWh savings will be determined as the total savings for one calendar year.
- GHG savings will be determined as the total savings for one calendar year.