

ITEM # 22
DATE: January 27, 2009

COUNCIL ACTION FORM

SUBJECT: PAYMENT OF LARGE SMART ENERGY REBATE CHECKS TO COMMERCIAL CUSTOMERS

BACKGROUND:

The 2008/09 Capital Improvements Plan contains \$600,000 in the Demand Side Management program to encourage individuals and businesses to upgrade equipment, facilities and homes to more efficiently use electricity. To this point, over \$245,000 has been spent in this fiscal year in an effort to reduce our customers' demand for electricity. The demand reduction program is marketed to the community as the "Smart Energy" incentive rebate program.

Smart Energy incentive programs are designed to help customer's purchase and install energy efficient equipment. Two commercial customers have recently participated in the Smart Energy programs and are receiving significant incentive checks for their efforts to reduce their lighting, heating, and cooling costs.

Lowe's Home Improvement, 120 Airport Road, replaced 662 of its old ceiling light fixtures with new efficient fluorescent fixtures. It is estimated the efficient fluorescent fixtures will save 254,870 kWh of energy annually and 46 KW of demand. This will save the customer approximately \$22,000 per year. Future avoided cost (savings) for City of Ames Electric Services is \$71,487. The new lighting will reduce carbon dioxide emissions by 407,792 pounds (204 tons) annually. This installation qualifies Lowe's for a rebate of \$39,720.

Ag Leader Technology, 2202 S. Riverside Drive, installed a geothermal heating and cooling system rather than a standard electric heating and cooling system. It is estimated the geothermal system will save 80,155 kWh of energy and 100 KW of demand per summer. This will save the customer approximately \$8,000 annually. Future avoided cost (savings) for City of Ames Electric Services is \$108,016. The new geothermal system will reduce carbon dioxide emissions by 121,184 pounds (64 tons) annually. This installation qualifies Ag Leaders for a rebate of \$79,700.

Staff is currently working with the above businesses to schedule a public recognition ceremony for the presentation of these payments. It is hoped that by doing so, it will heighten the public's awareness of the Smart Energy program and encourage greater participation by businesses and individuals alike.

ALTERNATIVES:

1. Authorize the payment to Lowe's Home Improvement rebate of \$39,720 and Ag Leader Technology rebate of \$79,700.
2. Delay the payments.

MANAGER'S RECOMMENDED ACTION:

The City's investment in the Smart Energy program is beginning to pay dividends to the utility in terms of avoided power supply costs, and to the customers in terms of their lower utility bills. It is important that the program be utilized by both the residential customers and the commercial customers for the full potential of demand side management to be realized.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, and authorize the rebate payments of \$39,720 to Lowe's Home Improvement, and \$79,700 to Ag Leader Technology for their efforts in reducing demand in their businesses.