



## Puget Sound Energy, State and Federal Energy-Efficiency Incentives: Commercial Retrofits

King County Department of Development and Environmental Services (DDES) and the Department of Natural Resources and Parks (DNRP) Solid Waste Division GreenTools program have developed this tool to help facilitate and encourage your participation in Puget Sound Energy (PSE), state and federal incentive programs that promote energy efficiency and conservation in commercial retrofits.

### The following incentives are covered in this document:

1. PSE energy-efficiency grants and rebates
2. Federal tax deductions and credits
3. State solar incentive

In addition, many local jurisdictions offer incentives, grants, and rebates to area residents. These financial incentives can be code or tax-based, or come in the form of cash paid for energy and conservation measures. Contact your local jurisdiction to find out about available resources in your area.

For questions, please contact Kinley Deller at [Kinley.Deller@kingcounty.gov](mailto:Kinley.Deller@kingcounty.gov) or 206-296-4434. For more about DDES green building programs, see [www.kingcounty.gov/greenpermits](http://www.kingcounty.gov/greenpermits) or DDES Information Bulletin 55, [Green Building and Low Impact Development](#).

## 1. Commercial Retrofit – PSE energy-efficiency grants, rebates and programs

These energy efficiency custom grants and streamlined rebates for commercial retrofits are available through Puget Sound Energy (PSE).

### PSE Business Energy Management Retrofit Grants

Upgrade the efficiency of your existing equipment or facility and you may be eligible for a customized energy-efficiency grant. PSE's grant incentives typically pay for about 50% of a project's cost, and may fund up to 70% of the installed cost. Grants often range from several hundred dollars to over a hundred thousand dollars. There's no limit to grant size as long as the upgrade meets funding and eligibility criteria.

Common projects for energy-efficiency grant incentives include:

- Lighting retrofits (up to 50% of installed cost)
- HVAC systems and controls (natural gas and electric)
- Efficient water heating (domestic, heating and process)
- Adjustable speed drives
- Compressed air system upgrades
- Industrial process systems and equipment
- Building commissioning



*Grant Eligibility Requirements*

These rebates are available for all commercial projects within PSE service areas that install energy-efficient equipment that meets or exceeds efficiency in the applicable energy code and PSE’s cost-effectiveness criteria and have a simple payback exceeding one year. Retro-commissioning may also qualify the project for funding. All projects require application and pre-approval to qualify for funding.

More information and grant application forms are available on the PSE’s “Efficiency Programs & Rebates: Custom Grants” page: <http://www.pse.com/solutions/forbusiness/pages/customGrants.aspx?tab=1&chapter=2>.

**PSE Energy Efficiency Rebates**

*Small Business Lighting Rebate Program*

This program is available to PSE customers served by commercial rate schedule 24 or 08, and on average covers 70% of lighting retrofit costs. Customers with a higher rate schedule can apply for lighting rebates through the custom grant program. The program offers several avenues for converting older commercial lighting to more efficient lighting, including lamps, lamp and ballast combinations, fixture conversion kits, new fixtures and lighting controls.

<b>Rebate Type</b>	<b>Incentive Range</b>
<b>Incandescent conversions</b>	
Compact fluorescent bulbs– screw base CFL bulbs substitute for screw base incandescent bulbs (also available as instant rebates through participating vendors)	\$3 - \$12
New compact fluorescent fixtures	\$35 - \$55
New LED exit signs	\$50
New 4-FT fluorescent lamp fixture	\$60
<b>Higher wattage incandescent and HID conversions</b>	
Higher efficiency HID light sources (metal halide and HPS)	\$75-\$100
T8 or T5 fluorescent warehouse lighting	\$95-\$190
CFL higher-wattage wall packs	\$110- \$130
<b>T12 fluorescent lamp and ballast (only) conversions</b>	
"Lamp for lamp," using T8 lamps and electronic ballasts	\$40-\$45
T8 lamps and electronic ballasts, but with fewer lamps	\$50
<b>Linear fluorescent conversion hardware kits and new replacement fixtures</b>	
Rebate options for linear-tube fluorescent lighting include incentives for reducing lamp count (or lamp lineal footage)	\$40-\$85
<b>Lighting Controls</b>	
Occupancy sensor or timer controls, depending on wattage controlled	\$40 - \$80
<b>Enhanced Lighting Incentives</b>	
Comprehensive lighting retrofits	\$.30 per kWh/yr saved; up to 70% of project costs

*Rebate Participation Process:*

- Customers must obtain PSE pre-authorization pre-approval prior to ordering or installing materials by completing and signing the PSE Rebate Pre-Approval Form (available on PSE's website).
- Complete installation within 60 days of PSE authorization.
- Submit application, material receipts and contractor invoices, along with a PSE Lighting Waste Disposal Certificate (if applicable) to receive payment.

More information, and rebate pre-approval forms are available on the PSE Efficiency Programs and Rebates Web page:

<http://pse.com/savingsandenergycenter/ForBusinesses/Pages/Rebates-and-Incentives.aspx>.

*Other Commercial Retrofit Rebates*

These rebates are available for all commercial projects within PSE service areas. Please visit the PSE website for rebate specific eligibility requirements and application process, as some require a pre-approval process and documentation review.

<b>Rebate Type</b>	<b>Incentive Range</b>	<b>Other Information</b>
<b>Heating/Cooling</b>		
Premium HVAC Rooftop Service Program	Up to \$1,310 per unit	Paid to PSE-approved HVAC contractors for advanced service performed on qualifying equipment
Seven-day Programmable Thermostat	Up to \$50 per unit	Must replace a non-programmable thermostat. 5-2 and 5-1-1 programmable thermostats are not eligible.
High-efficiency HVAC Unit Replacement	\$100 - \$550 per ton	For energy-efficient air-conditioner or heat pump units that meet or exceed CEE Tier 1 and Tier II standards,
Electronically Commutated Motor (ECM)	\$0.12 per square foot served by HVAC fan	Retrofit of constant volume HVAC fan boxes with ECMs
Variable Speed Drive (VSD)	\$100 per driven horsepower	For HVAC fan motors and closed-loop pump applications
<b>Appliances</b>		
High-efficiency Commercial Clothes Washer	\$200	Per qualified high efficiency coin operated commercial washer. Note that additional water utilities may offer additional rebates.
High-efficiency Kitchen Equipment	\$125 - \$2,000	For qualifying commercial kitchen equipment, including cooking, refrigeration and water heating equipment.
<b>Other</b>		
PC Power Management Rebate	\$8 per workstation	For installing software that controls the computer power management settings.
Portable Classroom Rebates	Up to \$350	Per 365-day programmable thermostat upgrade
Lodging Industry Rebates	\$10 - \$200 per item	Available for qualifying high-efficiency packaged terminal heat pumps, HVAC occupancy controls, restroom lighting controls, and ice machines. Kitchen Equipment rebates may also apply if facility offers free breakfast, room service or restaurant choices.



Gas Measures and Incentives	\$3.00-\$6.11/MBH	For condensing water heater and boiler in restaurants; and commercial water heater and boiler in laundries. Qualifying criteria depends on the type of equipment and application.
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More information, and rebate application forms are available on the PSE Commercial Energy Efficiency Programs and Rebates Web page:  
<http://pse.com/savingsandenergycenter/ForBusinesses/Pages/Rebates-and-Incentives.aspx>.

**Resource Conservation Manager Program**

Commercial customers with multiple facilities may be eligible to take part in the Resource Conservation Manager (RCM) program, which involves a menu of service features and incentives to help start and fund an RCM position and program. PSE offers initial cash incentives to help fund the first year of an RCM's salary, set up utility database and program organization, salary guarantees for the RCM position, and more. Typically, most organizations can reduce annual costs from 10-15% over a three-year period.

Typical program participants have at least one million square feet of conditioned space and an annual utility/resource budget of over two million dollars to support a full time RCM, though smaller organizations can also benefit from the program through part time positions.

More information, and rebate application forms are available on the PSE Commercial Energy Efficiency Programs and Rebates Web page:  
<http://pse.com/savingsandenergycenter/ForBusinesses/Pages/Resource-Conservation-Manager.aspx>.

**Building Energy Optimization Program**

Buildings that are served by PSE electricity and/or gas may be eligible to participate in the Building Energy Optimization Program, designed to result in persistent cost-effective energy-saving changes in building systems and operations. PSE offers a range of incentives to cover portions of the program's six components which include: scoping, investigation and recommended improvements, implementation, verification, systems manual and training, and energy performance monitoring.

The program has eligibility requirements for both the building and building owner, and requires an application process to participate. More information and application forms are available on the PSE Building Energy Optimization Program Web page:  
<http://pse.com/savingsandenergycenter/ForBusinesses/Pages/Building-Energy-Optimization.aspx>.



## 2. Commercial Retrofit – Federal tax deductions and credits

### **Federal Tax Deductions – Heating and Cooling**

These federal tax deductions and credits are available for systems placed in service from January 1, 2006 through December 31, 2013.

#### *Eligibility Requirements*

Owners or designers of new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001 are eligible for a tax deduction of up to \$1.80 per square foot.

Partial deductions of up to \$0.60 per square foot are available for measures affecting any one of three building systems:

- Building envelope
- Lighting
- Heating and cooling systems.

More information is available on the ENERGY STAR® Federal Tax Credits Web site: [http://www.energystar.gov/index.cfm?c=tax\\_credits.tx\\_comm\\_buildings](http://www.energystar.gov/index.cfm?c=tax_credits.tx_comm_buildings).

### **Federal Tax Investment Credits – Combined Heat and Power**

A 10% investment tax credit (ITC) is available for owners of combined heat and power (CHP) systems, applicable to only first 15 megawatts (MW) of CHP property; for systems placed in service from October 4, 2008 through December 31, 2016.

#### *Eligibility Requirements*

To qualify, CHP system must be 60% efficient, produce at least 20% of its useful energy as electricity and at least another 20% as useful thermal energy; be smaller than 50MW; be constructed by taxpayer or have original use of equipment begin with taxpayer. The tax credit becomes available the year the system is operational and only the original constructor or user of the CHP property may take the tax credit.

More information is available on the Tax Incentives Assistance Project (TIAP) Web site: <http://energytaxincentives.org/business/chp.php>.

### **Federal Tax Credits and Grants – Renewable Energy Systems**

Businesses are eligible for tax credits that cover 30% of the installed cost of approved solar water heating and photovoltaic systems, solar lighting, and small wind systems. Solar and wind systems must be placed in service between January 1, 2006 and December 31, 2016.

For geothermal heat pumps, businesses are eligible for either an investment tax credit of 10% of the installed cost (through 2016) or a grant worth 10% of the installed cost (for equipment placed in service between 2009 and 2010).

#### *Eligibility Requirements*

- Qualifying solar energy equipment must be used to generate electricity, to heat or cool or provide hot water to a structure, or to illuminate the inside of a building.
- Qualifying small wind systems must not have more than 100 kW of capacity.
- Qualifying geothermal heat pump units must meet the requirements of the ENERGY STAR® program at the time the heat pump is purchased.

More information is available on the Tax Incentives Assistance Project (TIAP) Web site: <http://energytaxincentives.org/business/renewables.php>.

**Federal Tax Credits and Grants – Fuel Cells & Microturbines**

For fuel cells, businesses are eligible for tax credits that cover 30% of the cost up to \$3,000 per kW of power that can be produced. For microturbines, credits are for 10% of the cost, up to \$200 per kW of power that can be produced. Credits are available for systems placed in service prior to December 31, 2016.

*Eligibility Requirements*

- Fuel Cells: Qualifying systems must have an efficiency of at least 30% and must have a capacity of at least 0.5kW.
- Microturbines: Systems must have an efficiency of at least 26% and a capacity of less than 2,000 kW.

More information is available on the Tax Incentives Assistance Project (TIAP) Web site: [http://energytaxincentives.org/business/fuel\\_cells.php](http://energytaxincentives.org/business/fuel_cells.php).

**3. Commercial Businesses – State solar incentive**

Washington State offers an adjusting scale production incentive to businesses that produce electricity using solar thermal, photovoltaics, wind or anaerobic digestion to produce power between July 1, 2005 and June 30, 2020. The incentive amount paid to the producer starts at a base rate of \$0.12/kWh and goes up to \$1.08/kWh, depending on project type, technology type, and where the equipment was manufactured. The incentive is capped at \$5,000 per year.

More information is available on the Database of State Incentives for Renewables and Efficiency (DSIRE) Web site: [http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive\\_Code=WA27F&state=WA&CurrentPageID=1&RE=1&EE=0](http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=WA27F&state=WA&CurrentPageID=1&RE=1&EE=0).

In addition, Washington State sales tax does not apply to the sales of equipment used to generate electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal, anaerobic digestion or landfill gas. *Expires June 30, 2013.*

More information is available on the Database of State Incentives for Renewables and Efficiency (DSIRE) Web site: [http://dsireusa.org/incentives/incentive.cfm?Incentive\\_Code=WA04F&State=federal&currentpageid=1&ee=1&re=1](http://dsireusa.org/incentives/incentive.cfm?Incentive_Code=WA04F&State=federal&currentpageid=1&ee=1&re=1).