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### Investing in Energy Efficiency

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*Midwest Energy, Inc.*

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# Investing in Energy Efficiency

**The Fourth National Rural Grocery Summit  
Manhattan, Kansas  
June 9-10, 2014**

**Brian Dreiling  
Manager of Energy Services  
Midwest Energy, Inc. – Hays, Kansas**

# What is How\$mart<sup>®</sup>?

**How\$mart<sup>®</sup> investments in energy efficiency  
become basic utility service.**





# Attributes of How\$mart<sup>®</sup>

1. No up-front capital from customer\*
2. Utility repaid via surcharge on monthly bill
3. Surcharge is less than estimated savings
4. Repayment is tied by tariff to the location,  
not the customer



\* economically justified projects



# Efficiency With No Upfront Capital

- Midwest Energy will fund 100% of costs for economically justified projects
- Building owner must buy down first cost if savings are insufficient for total project



# Efficiency Paid for on Utility Bill

- Fixed surcharge on monthly bill
- Surcharge covers project investment, cost of capital, and some administrative costs
  - Add 5% of project cost for audit/administration
- Maximum term: 180 months (res.)/120 months (comm.) or 75% of the expected life of the measure. (7 years for lighting projects)



# Surcharge LESS than 90% of Savings

- Utility performs extensive energy audit
- Modeled energy use calibrated to actual history
- Utility estimates energy and cost savings
- Utility determines required surcharge
- Surcharge can be no more than 90% of savings



# Repayment is Tied to the Location

- Energy savings are tied to a physical structure – surcharge is as well
- Surcharge at premise survives occupant changes.
- Requires disclosure to next customer by coop & owner/landlord
- Disconnection for non-payment – subject to same terms and conditions of utility service







# How\$mart<sup>®</sup> Program Steps

1. Customer requests How\$mart<sup>®</sup> audit
2. Customer pre-screened, audit scheduled
3. Audit completed, Conservation Plan developed – measures identified
4. Contractors bid to complete efficiency measures
5. Contractor(s) complete work
6. Post audit completed
7. All forms signed



# How\$mart<sup>®</sup> Program Steps (cont.)

8. Midwest Energy pays Contractor(s)
9. How\$mart<sup>®</sup> charges added to monthly bill
10. Program evaluation





# Qualifying Energy Efficient Measures

1. Any measure that reduces energy costs
  - Must be permanent to the building.
    - Lighting
    - Heating & Cooling Upgrades
    - Building Shell Improvements
2. Renewables do not qualify at this time



# How\$mart® LT Conservation Plan



Description	Base Base Building (Lighting Only)	Option #1 New T-8 Lamps with Electronic ballasts (ballasts factor less than .8)	Option #2 New 75 watt MH fixtures for External Lighting and Option #1
Enter Rate Schedule	GSS		
<b>Office Area Kwh</b>	12,218	7894	7894
Demand in kW	4.6	3.0	3.0
Coincidence Factor	75%	75%	75%
<b>Production Room Kwh</b>	5,196	3340	3340
Demand in kW	2.0	1.3	1.3
Coincidence Factor	95%	95%	95%
<b>Display Area Kwh</b>	2,765	806	806
Demand in kW	1.4	0.4	0.4
Coincidence Factor	75%	75%	75%
<b>External Lighting Kwh</b>	8,640	8,640	2592
Demand in kW	3.0	3.0	0.9
Coincidence Factor	45%	45%	45%
Total Units kwh	28,819	20,680	14,632
Total Billing Demand kW	7.8	5.1	4.2
Term of Improvement (months)	84.0	84.0	84.0
<b>* Estimated Cost of Improvement</b>	\$0	\$4,750	\$6,800
Estimated Contribution By Customer/Landlord	\$0	\$245	\$0
Term of Improvement (years)	7	7	7
Cost of Improvement after Contribution	\$0	\$4,505	\$6,800
Bill Surcharge Required:		\$70.47	\$106.37
Monthly Energy Savings:		\$78.30	\$136.49
Estimated Net Bill Savings:		\$7.83	\$30.12
<b>Maximum Midwest Energy Investment</b>		<b>\$4,505.03</b>	<b>\$7,852.67</b>



# Participant Requirements

- Customer in good standing
- Sign the Conservation Plan
- Sign appropriate agreements
  - “Owned-Property Agreement”, or
  - “Rented/Leased Property Agreement”

# How\$mart<sup>®</sup> Questions?

## Contact Information

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The logo features a green roof-like shape above the text "How\$mart". The word "How" is in blue, the dollar sign "\$" is in green, and "mart" is in blue. A registered trademark symbol (®) is located at the top right of the word "mart".

**How\$mart<sup>®</sup>**