

Incentives for Energy Efficiency Projects

Feds and states provide attractive funding options for hospital upgrades

Tax deductions, grants, and rebates have long been used by state agencies and utilities to encourage the adoption of energy efficient products. If you are lucky enough to have these options available, it may well be worth your time and effort to apply. Many incentives can significantly increase the financial performance of your proposal, and thus allow hospital administrators to buy into your project.



To find out if your state offers energy efficiency incentives to healthcare institutions, refer to the list

below. Due to space limitations, information under each state has been limited to information about each incentive, including interest rates, loan terms and amounts, rebates, types of projects, and other information. All information presented is current as of March 2006. If your state is not listed, contact your local utility; many offer financing for energy efficiency projects. You can also visit the National Association of State Energy Officials' website at <http://www.naseo.org/links/states.htm> for a listing of state energy offices.

Alabama Star Program

Sponsors	The Alabama Dept of Economic and Community Affairs – Science, Technology, and Energy (ADECA-STE) Division
Amount presently available for allocation	\$4.6 million
Interest Rates	Prevailing
Term	Determined by the average simple pay-back period of project
Size	A maximum of \$2 million / for hardship cases a max of \$100,000
Share of loan in project cost	ADECA-30% / Region's Financial Leasing, Inc. – 70%
Loan criteria	Public and nonprofit hospitals as defined by Section 265(b)(3) and Section 149(c) of the Internal Revenue Code of 1986.
Type of Projects	Lighting retrofits, HVAC equipment, heat recovery systems, load management devices, energy management devices, energy management systems, electrical distribution equipment, alternate/renewable energy systems, boiler and central plant improvements, sewage and water systems improvements, and other retrofits, demand or rate-based measures
Sources/Contacts	www.energyideas.uah.edu/alabama_starprog.html

California Energy Efficiency Financing Program

Sponsors	California Energy Commission
Amount presently available for allocation	\$40 million
Interest Rates	The current rate is 4.5%
Term	Loans for energy projects must be repaid from savings within 15 years including principle & interest. Loans for energy audits/studies within 2 years; loan term cannot exceed the useful life of loan-funded equipment.
Size	Maximum \$3 million per application; \$5 million per organization
Share of loan in project cost	100%
Loan criteria	Projects must be technically and economically feasible. Projects must have a simple payback of 9.8 years or less based on energy costs savings.
Type of Projects	Energy audits, feasibility studies, lighting, motors or variable frequency drives and pumps, building insulation, heating and air conditioning modifications, automated energy management systems/controls, energy generation including renewable energy projects, etc.
Sources/Contacts	www.energy.ca.gov/efficiency/financing/

Colorado Rebate Program

Sponsor	Xcel Energy
Eligibility	Xcel Energy business customers
Amount available for allocation	\$196 million over eight years
Rebate Program	On Jan. 1, 2006, Xcel Energy launched several rebate and incentive programs to help initiate electricity savings for their business customers. These programs are part of their PUC-approved plans for cost-effectively meeting future electricity needs in Colorado. This demand-side management (DSM) program's goal is to reduce system demand by 320 megawatts (MW) and conserve 800,000 megawatt hours (MWh) of energy annually by 2014. That's roughly enough displaced demand to power more than 90,000 homes for an entire year.
Type of Projects	Qualifying energy-saving equipment such as lighting, motors and cooling systems. New construction and re-commissioning programs also will be available.
Sources/Contacts	www.xcelenergy.com/docs/retail/busmrkts/ConservationProgramsSummariesCO.pdf

Connecticut Rebate Program

Sponsor	Connecticut Light and Power
Amount available for allocation	Limited funding
Eligibility	CL&P business customers; first come, first served
Rebate Program	The rebates are fixed amounts, provided on a per-unit basis. They are paid directly to customers after they install pre-designated measures using qualified, licensed contractors.
Type of Projects	Lighting; motors; new or replacement rooftop, split systems, terminal A/C units and heat pumps with up to 30 tons of cooling capacity; vending machines for existing facilities
Sources/Contacts	www.cl-p.com/clmbus/express/indexexpress.asp

Idaho Energy Conservation Loan Program

Sponsors	Idaho Energy Division, Idaho Dept of Water Resources Energy Division
Amount presently available for allocation	\$5 million
Interest Rates	4%
Term	5 years
Size	Hospital or Healthcare Facility (no min., maximum \$100,000)
Share of loan in project cost	Up to 100%
Loan criteria	Projects must be within state and should utilize existing, reliable technologies. Projects must show an estimated payback period of 10 years or less from energy savings.
Type of Projects	insulation, energy-efficient lighting, heating ventilating and air conditioning systems, pumps and motors
Sources/Contacts	www.idwr.state.id.us/energy/business/commercial_app.pdf

Maryland Community Energy Loan Program

Sponsors	The General Assembly of Maryland authorized CELP
Amount presently available for allocation	\$1.5 million per year
Interest Rates	Average interest rate is 3.5% but is negotiated for each loan
Term	7 years simple payback
Size	\$30,000 minimum \$400,000 maximum
Share of loan in project cost	Up to 100%
Loan criteria	Allocation based on a competitive system
Type of Projects	Must save energy. All costs necessary for implementing project can be considered for funding, including the technical assessment, reasonable fees for services, plans and specifications, and actual costs of construction
Sources/Contacts	www.energy.state.md.us/programs/government/communityenergyloan.htm

Massachusetts Rebate Program

Sponsor	National Grid and Cool Choice
Eligibility	Large commercial and industrial customers who are building new facilities, replacing failed equipment or undergoing major renovations.
Rebate Program	Incentives of up to 45% of the project cost are available
Terms	Terms vary depending upon type of project
Type of Projects	Lighting & Controls, HVAC Systems, Motors, Custom Projects, Compressed Air, Variable Speed Drives
Sources/Contacts	www.nationalgridus.com/masselectric/business/energyeff/energyeff.asp www.coolchoice.net

Mississippi Energy Investment Loan Program

Sponsor	Mississippi Development Authority, Energy Division
Amount presently available for allocation	\$6 million
Interest Rates	3% below the Prime Interest rate prevailing at the time of closing
Term	7 years
Size	Minimum loan \$15,000 and Maximum loan \$300,000
Share of loan in project cost	Generally 80% and sometimes 100% when credit worthiness of the borrower is high.
Type of Projects	1) Retrofit projects: heating and cooling systems, lighting fixtures, insulation, cogeneration systems, furnaces, burners, boilers, waste recovery systems, ignition systems, automatic energy management control systems; 2) Energy efficient processes: kilns, boiler – natural gas or wood, billet ovens, optimizing saws, refrigeration systems, variable stem and hydraulic equipment
Sources/Contacts	www.mississippi.org/content.aspx?url=/page/2744&#loanprgm

Nebraska Dollar Energy Saving Loans

Sponsors	Nebraska Energy Office
Amount presently available for allocation	\$23 million
Interest Rates	5% or less
Term	10 years for building and system improvements, simple payback for projects requiring an audit
Size	Business/Non-profits \$100,000 ENERGY STAR Partners \$150,000
Loan criteria	Borrowers must be a resident of Nebraska for at least 6 months prior to loan
Type of Projects	High efficiency heating/air conditioning equipment, windows, doors, building air leaks, appliance replacements, lighting, controls, duct/pipe insulation, waste minimization projects, alternate fuels
Sources/Contacts	www.neo.state.ne.us/loan/index.html

New Hampshire Rebate Program

Sponsor	National Grid
Eligibility	Large commercial and industrial customers who are building new facilities, replacing failed equipment or undergoing major renovations.
Rebate Program	Incentives of up to 45% of the project cost are available
Terms	Terms vary depending upon type of project
Type of Projects	Lighting & Controls, HVAC Systems, Motors, Custom Projects, Compressed Air, Variable Speed Drives
Sources/Contacts	www.nationalgridus.com/granitestate/business/energyeff/4_existing.asp

New Jersey Rebate Program

Sponsor	Cool Choice. The Cool Choice program is jointly sponsored by a number of utilities and energy efficiency organizations throughout New England and New Jersey to assist commercial and industrial customers.
Eligibility	Institutional electric service customers of NJ
Rebate Program	The Cool Choice program pays cash rebates to commercial and industrial customers to help defray the cost of buying high-efficiency HVAC systems. In most cases, these rebates cover up to 80% of the incremental cost for qualifying equipment.
Type of Projects	Electric heat pumps, single packaged units, split systems (split systems must meet ARI specifications), and dual enthalpy economizer controls when installed with new, qualifying equipment
Sources/Contacts	www.coolchoice.net

New York Energy Smart Loan Fund

Sponsors	New York State Energy Research and Development Authority
Amount presently available for allocation	Funds available through June 30, 2006, or until funds are fully committed
Interest Rates	Lender's interest rate is bought down up to 4%
Term	Maximum 10 years
Size	Up to \$1 million
Loan criteria	1) Have identified an eligible improvement project with necessary documentation, 2) Have loan commitment from participating lender, 3) Be electric customer of one of the following: Consolidated Edison Company of New York, Inc., Central Hudson Gas & Electric Corp., National Grid, New York State Electric & Gas Corp., Orange and Rockland Utilities, Inc., or Rochester Gas & Electric Corp.
Type of Projects	Pre-qualified measures that are proven cost-effective investments that reduce energy use, custom measures that pay for themselves in energy use reductions in 10 years or less
Sources/Contacts	www.nyscrda.org/loanfund/default.asp

Oregon Energy Loan Program/Small Scale

Sponsors	Oregon Office of Energy
Amount presently available for allocation	Varies – self supporting
Interest Rates	Loan rates are set after each bond sale and are fixed for the full term of each loan. Bonds sell at low rates.
Term	5 to 15 years, based on type of project.
Size	\$20,000 minimum, \$100,000 maximum; loans over \$100,000 need approval of citizen's advisory committee
Share of loan in project cost	Up to 100%
Loan criteria	Projects must be in Oregon, non-profit hospitals among others
Type of Projects	Lighting improvements, weatherization, solar and geothermal heating, wind and solar electric systems, motors and motor controls, building management and control systems, district heating, HVAC systems, methane gas recovery, central steam plants, cogeneration and hydroelectricity, water and heating improvements, irrigation system improvements, and alternative fuels for transportation
Sources/Contacts	http://egov.oregon.gov/ENERGY/LOANS/index.shtml

Pennsylvania Sustainable Energy Fund

Sponsors	Created by the PA Public Utility Commission, managed by the Reinvestment Fund, Energy Institute of Penn State University, and Berks County Community Foundation
Amount presently available for allocation	Varies depending upon fund
Interest Rates	Flexible, depending upon type of project
Term	Flexible depending upon type of project
Size	\$25,000 - \$1.5 million, depending upon fund
Share of loan in project cost	Up to 100%
Loan criteria	varies
Type of Projects	Efficient building design, HVAC, lighting and other controls, building and other materials, energy audits, system integration
Sources/Contacts	GPU Energy: Richard Mappin richardm@bccf.org PECO: www.trfund.com/sdf West Penn Power: www.wppsef.org

Rhode Island Rebate Program

Sponsor	Cool Choice. The Cool Choice program is jointly sponsored by a number of utilities and energy efficiency organizations throughout New England and New Jersey to assist commercial and industrial customers.
Eligibility	Institutional electric service customers of RI
Rebate Program	The Cool Choice program pays cash rebates to commercial and industrial customers to help defray the cost of buying high-efficiency HVAC systems. In most cases, these rebates cover up to 80% of the incremental cost for qualifying equipment.
Type of Projects	Electric heat pumps, single packaged units, split systems (split systems must meet ARI specifications), and dual enthalpy economizer controls when installed with new, qualifying equipment
Sources/Contacts	www.coolchoice.net

South Carolina Conserfund Loan Program

Sponsors	South Carolina Energy Office
Amount presently available for allocation	Stripper Well Settlement funds authorized under State Energy Program
Interest Rates	1% to Lender; maximum of 5% to Borrower
Term	10 year maximum, but may not exceed life of equipment
Size	\$25,000 minimum to \$500,000 maximum
Share of loan in project cost	No limit
Loan criteria	Installation of energy efficient equipment or technology designed to reduce energy consumption, peak demand, and/or utility costs or to use renewable energy sources in place of nonrenewable resources. Project site must be in South Carolina
Type of Projects	Lighting systems, HVAC systems, energy management systems, building envelope modifications such as doors, windows, insulation, and roofs, fuel conservation projects and water conservation
Sources/Contacts	www.energy.sc.gov/Public/conserfund.htm

Federal Tax Deduction for Energy Efficiency

You may qualify for a federal tax deduction for energy efficiency. The Energy Policy Act of 2005 offers a tax deduction of up to \$1.80 per square foot and is available to 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. Partial deductions of up to 0.60 cents per square foot can be taken for measures affecting any one of three building

systems: the building envelope, lighting, or heating and cooling systems. These deductions are available for buildings or systems placed in service from January 1, 2006, through December 31, 2007. For more info, see www.energytaxincentives.org, sponsored by the Tax Incentives Assistance Project, a coalition of public interest non-profit, government, and other organizations in the energy efficiency field.

Vermont Rebate Program

Sponsor	Efficiency Vermont/Cool Choice
Eligibility	Institutional electric service customers of VT
Rebate Program	Some participating utilities and sponsors have specific requirements. These include, but are not limited to: payment options, rebate restrictions for facilities using self-generation for non-emergency purposes.
Terms	Efficiency Vermont eligibility varies, depending upon type of project. The Cool Choice program pays cash rebates to commercial and industrial customers to help defray the cost of buying high-efficiency HVAC systems. In most cases, these rebates cover up to 80% of the incremental cost for qualifying equipment.
Type of Projects	Efficiency Vermont provides incentives for commercial lighting, motors, transformers, small commercial refrigeration, vending machines and traffic signals. Cool Choice provides incentives for electric heat pumps, single packaged units, split systems (split systems must meet ARI specifications), and dual enthalpy economizer controls when installed with new, qualifying equipment
Sources/Contacts	www.efficiencyvermont.com www.coolchoice.net

Washington Grant/Rebate Program

Sponsor	Puget Sound Energy
Eligibility	Business must receive electricity and natural gas from PSE
Grant/Rebate Program	Grant funding for up to 70% of the installed cost for any energy efficiency project resulting in increased efficiency. Rebate programs with over a hundred options for commonly applied efficiency upgrades.
Terms	Grants help fund the construction, upgrades, and people that increase the efficiency of facilities.
Type of Projects	Efficiency retrofits & upgrades; Construction or expansion of existing facilities; rebates for lighting controls, exit signs
Sources/Contacts	www.pse.com

Wisconsin Rebate Program

Sponsor	Wisconsin's Focus on Energy
Eligibility	Commercial, industrial, government, and institutional electric customers in qualifying service areas in Wisconsin.
Rebate Program projects	Up to \$40,000 per project (\$20,000 for lighting); up to \$100,000 for custom comprehensive projects
Terms	Projects must be implemented between July 1, 2005 and June 30, 2006 for incentive eligibility.
Type of Projects	Lighting, motors, compressed air, HVAC equipment, food service, and "custom" projects such as system or building upgrades or process improvements. Incentives are also available for maintaining equipment and studying the feasibility of a proposed energy efficiency project.
Sources/Contacts	www.focusonenergy.com

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