

Utilities Manager: Energy Incentive Programs: Are They Worth the Effort?

Written by William C. Livoti
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There are numerous opinions on the value of energy incentive programs—*and even more opinions on how such programs should be structured*

. Here, we will ask questions about and discuss the value and purpose of these programs.

What's in 'em for you

First, why have the utilities, states and federal government implemented energy incentive programs? The simple answer is to reduce consumption. The more complicated answer is to minimize the risk of rolling blackouts, brownouts and power surges and to keep from having to build new power plants and transmission lines.

Yes, it takes time. Yes, you need to understand the process. And, yes, you must submit proper documentation.

Why federal involvement? Think of the uproar if we were to begin experiencing rolling blackouts during peak demand (or any time for that matter)? The American consumer has very little tolerance for power disruption—*in fact, there seems to be a widely held misconception that electricity is a right rather than a privilege*. In India and South Africa, though, power disruption, including rolling blackouts, is commonplace. Can you imagine what life would be like if you were allocated power for only 8 to 12 hours a day? Washington simply does not want to deal with the repercussions from the general public. Our state governments have a similar take on the situation.

Why, though, would the utilities offer incentive programs? They just don't want to invest in additional power plants, transmission lines, etc. Building plants and adding transmission lines calls for significant capital investment. Power plants don't pay for themselves overnight, you

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know—it could take 20 to 30+ years to pay for a large one. Consider that it costs roughly \$2500 per Kw to build a fossil power plant; around \$3000 per Kw to build a renewable energy plant; and 2.4 cents per Kw for energy conservation. Now, do you see why utilities have such aggressive incentive programs?

Are incentive programs really worth the effort? You bet they are! Pump systems offer the greatest opportunity, specifically around Premium Efficient motors, VFDs, controls and positive displacement vs. centrifugal pumps.

Use 'em or lose 'em

While justifying a system upgrade on energy alone may not make good business sense, adding the available incentives could make the project viable. In addition, your local utility will provide technical support (assuming they have a program in place). The paperwork is another matter. Yes, it takes time. Yes, you need to understand the process. And, yes, you must submit proper documentation in order to receive federal tax breaks for energy reduction.

For help, the best Website with the most comprehensive information, including links to utility, state and federal programs, is DSIRE (Database of State Incentives for Renewable Energy and Efficiency), located at www.dsireusa.org If you don't feel like dealing with the studies and paperwork by yourself, there are other options. For example, some vendors will perform energy assessments for you, provide cost savings data, develop project justifications and make recommendations on incentives—as well as complete paperwork for same.

Take advantage of incentive programs. Remember the advice to "use it or lose it?" Some utilities have withdrawn programs because of lack of response. Act fast. Don't wait until energy conservation programs become mandatory. **UM**

Where to go for additional information:

www.pumpsystemsmatter.org or www.pumps.org

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