Investing in Energy Efficiency

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What is How$mart®?

How$mart® investments in energy efficiency become basic utility service.

Attributes of How$mart®

1. No up-front capital from customer*

2. Utility repaid via surcharge on monthly bill

3. Surcharge is <u>less than</u> 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

How$mart®

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® Program Steps

1. Customer requests How$mart® 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® Program Steps (cont.)

8. Midwest Energy pays Contractor(s)

9. How$mart® 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
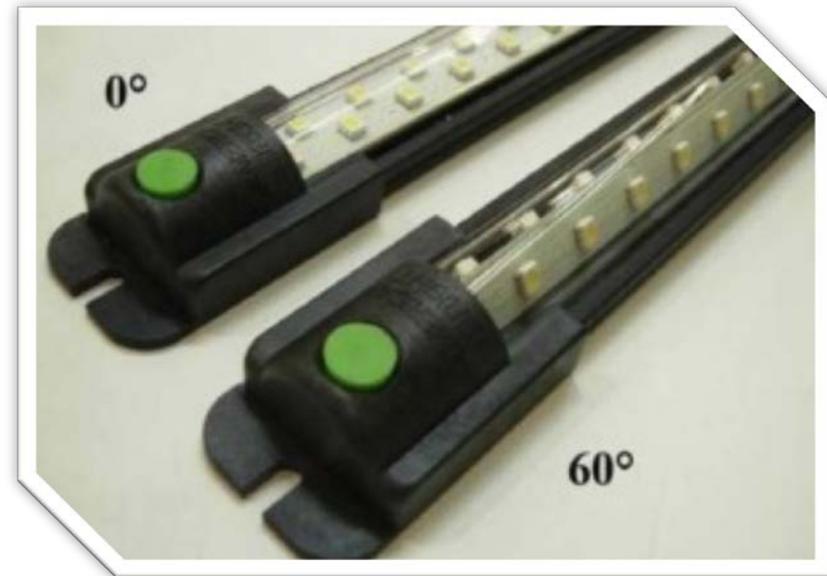
How$mart® LT Conservation Plan

Midwest Energy Inc.

Description	Base	Option #1	Option #2
	Base Building (Lighting Only)	**New T-8 Lamps with Electronic ballasts (ballasts factor less than .8)**	**New 75 watt MH fixtures for External Lighting and Option #1**
Enter Rate Schedule	GSS		
Office Area Kwh	12,218	7894	7894
Demand in kW	4.6	3.0	3.0
Coincidence Factor	75%	75%	75%
Production Room Kwh	5,196	3340	3340
Demand in kW	2.0	1.3	1.3
Coincidence Factor	95%	95%	95%
Display Area Kwh	2,765	806	806
Demand in kW	1.4	0.4	0.4
Coincidence Factor	75%	75%	75%
External Lighting Kwh	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
* Estimated Cost of Improvement	$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
Maximum Midwest Energy Investment		**$4,505.03**	**$7,852.67**

Participant Requirements

- Customer in good standing

- Sign the Conservation Plan

- Sign appropriate agreements

  - "Owned-Property Agreement", or

  - "Rented/Leased Property Agreement"

How$mart® Questions?

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