

Colorado Springs Utilities

Commercial Building Efficiency Rules and Instructions

1. Introduction

The Commercial Building Efficiency program (“CBEP”) is a Demand-Side Management (“DSM”) program sponsored by Colorado Springs Utilities (“Utilities”). The goal of the program is to offer engineering support to Utilities’ customers (“Participant”) to achieve Demand (kW) and Energy (kWh) reductions, as well as reduce Greenhouse Gas (“GHG”) emissions to facilitate Utilities’ associated goals and statutory requirements. This CBEP program consists of two tracks, as follows:

Energy Design Assistance (EDA): This track is for new construction and major renovations (classified as alteration level 3 or change of occupancy per the applicable building code) 50,000 square feet in area or larger. Utilities will pay 100% of the cost for a service provider to work alongside the customer’s design team to suggest strategies for increased energy efficiency, greenhouse gas reduction and regulatory compliance.

Retro-Commissioning (RCx): This track is for owners of existing buildings 50,000 square feet in area or larger who wish to evaluate the current building energy use and seek strategies for improvement. Utilities will split the cost of the service provider with the customer with Utilities paying 75% and the customer 25%.

Performance Based Incentives: For both paths, performance-based incentives will be paid to those participants who implement the strategies suggested by the service provider. Incentive amounts will be based on the verified energy or greenhouse gas reductions.

2. CBEP Program Schedule and Budget

Utilities will initiate an annual CBEP cycle, subject to budget approval. Each CBEP year’s kickoff date will occur on the first working business Monday in January and will continue on a first come, first served basis until the available budget for that year is fully allocated or until November 15 of the same year, whichever occurs first. During the annual cycle, applications may be submitted at any time.

The CBEP budget is \$1,075,732 in 2025. Funds are subject to availability resulting from the budget process and Utilities Board approvals. If the current year’s CBEP funding is committed, subsequent applications will be placed on a waiting list in the order they are received should incentive monies become available in the current year.

3. Approved Project Completion Deadlines

The EDA and RCx schedules will be determined by the customer and the selected services provider.

Any measure for which a performance-based incentive has been applied for must meet the following deadlines.

- For EDA: Measures must be installed and operational within 18 months of the receipt of the certificate of occupancy.
- For RCx: Must show evidence of intent to proceed such as ordering materials, signed contracts for professional or construction services, etc. within 18 months of receipt of the final report with suggested measures.

4. Eligibility.

To be eligible for the CBEP consulting services, the Customer must submit a CBEP EDA/RCx Services Application. To be eligible for the CBEP performance-based incentive, the Customer must submit a CBEP Performance Based Incentive application. Both applications must be in accordance with the requirements of these Rules and demonstrate that the Customer and the proposed project meet the following eligibility requirements.

The final determination of eligibility of a proposed project shall be at the discretion of Utilities.

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4.1 Customer Eligibility Requirements

Customers participating in the CBEP, for either track, must meet the following minimum eligibility criteria:

- Customer has an active electric and/or gas service with Utilities.
- Participant's Utilities account(s) listed on the application must be current and non-delinquent (i.e. no past due balances) at the time the incentive application is processed for payment; any account delinquencies following approval of a CBEP will limit incentive payments to a credit on Participant's Utilities Bill
- The Participant must be on an industrial or commercial electric and/or gas rate. G4T gas accounts or customers that report their own GHG emissions cannot receive GHG reduction incentives.
- For EDA, the Participant must facilitate integration of the service provider with the project design team.
- For RCx, the Participant must provide access to project facilities for an independent audit of existing conditions, Measurement and Verification (M&V) of installation and/or realized savings.
- The intent of this program is to provide Participants with actionable items to reduce energy and gas use. A Participant or controlling entity must apply for the performance incentive within 60 days of receiving the final audit report and begin the installation of recommended measure with 1 year. If the Participant fails to do either for a total of 300,000 square feet of building space, they will be ineligible for Utilities to pay any portion of any further audit reports for a period of two program years.

4.2 Project Eligibility Requirements

EDA/RCX Services

- The building must be 50,000 square feet or greater in area.
 - For RCx - Limit of 1 million square feet of total audited space per customer or controlling entity in 2025.
- The building must be in the Utilities service territory for gas and or electric.
- The building must be non-residential as defined by the building codes.

Performance Based Incentive:

In addition to the above requirements, measures for which an incentive is requested must meet the following minimum requirements:

- Measures must be listed in the service provider's EDA inputs or RCx reports.
- Have a simple payback of less than the estimated measure life including the incentive.
- Yield a sustained reduction of demand and/or energy.
- Be new equipment only; Requests to keep old equipment in place for emergency use only will be reviewed and approved by Utilities on a case-by-case basis;
 - EDA – Savings must exceed the minimum International Energy Conservation Code ("IECC") energy efficiency code requirements by a minimum of 15%; the version of the IECC code in force with the Pikes Peak Regional Building Department at the time the permit is issued will be used to determine energy savings.
 - RCx – Savings must exceed a baseline energy use by a minimum of 10%. The baseline year is the twelve (12) months immediately prior to the receipt of the application for EDA/RCx services. Savings are calculated per service.
- When available, equipment installed for the purposes of beneficial electrification for GHG reduction must be heat pump technology.
- Equipment ordered or purchased prior to the receipt by Utilities of the application for EDA/RCx services is not eligible.

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5. Incentive Amount and Payment

- 5.1** For approved, eligible projects, the incentive amount will be calculated by Utilities on a case-by-case basis and based on the benefit(s) the project provides to Utilities' DSM goals. Calculations may include (but will not be limited to) the kW/ kWh/CCF or GHG reduction, how long the measure is expected to remain in service, and the confidence that the reduction in demand, energy or greenhouse gas reduction is permanent.
- 5.2** The total incentive payment for efficiency projects may not exceed fifty percent (50%) of the project cost, fifty percent (50%) of the Utilities avoided costs, or seventy five percent (75%) of the additional cost to install the high efficiency option vs the lower cost, less efficient option. For beneficial electrification the incentive will not exceed 50% of the net Utilities avoided costs plus 10% of the social cost of carbon per Colorado House Bill 12-1238. Additional electric use caused by beneficial electrification will not be counted when calculating the savings for electrical efficiency projects.
- 5.3** A Participant may receive a credit for the incentive payment on the Utilities electric account listed on the Application or payment through a check. Issuance of a check to the Participant will require a completed W-9 (Oct. 2018 Rev.). Incentive payments to Third Parties may be made by Utilities at the request of the Participant but requires Utilities' approval. Third Parties assigned a Participant's incentive must submit: 1) A W-9 (Oct. 2018 Rev.) completed by the Third Party; and 2) An authorization letter from the Participant approving the payment of to the Third Party, signed by the Participant.

6. Participation Process

This section provides information on participating in the CBEP including the required steps involving paperwork submittals and milestones.

- 1)** The Customer contacts and selects a listed service provider.
- 2)** The Customer, along with the selected provider, submits an CBEP EDA/RCx Services application to Utilities.
 - A copy of the professional service contract between the Customer and provider must be included with the application.
 - The final agreed upon cost must be provided with the application.
- 3)** Utilities will review the application and approve subject to eligibility requirements and budget availability.
- 4)** Upon approval from Utilities, the Participant and provider will proceed with contracted scope of work.
 - Participants in the RCx track will be billed by the service provider for their portion (25%) of the total cost in three increments,
 - 50% after completion of the on-site audit and potential measures have been identified.
 - 40% after the final audit report is completed and presented to the customer.
 - 10% after measurement and verification of installed measures.
 - Should the Participant choose not to proceed with any of the recommended measures, payment of the final 10% is due within 60 days of the presentation of the audit report.
- 5)** Once the Participant has determined which suggested measures will be installed in their building, they may apply for the incentive using the CBEP Performance Based Incentive Application.
 - All energy savings calculation for the measures supplied by the provider must be included with the application.
- 6)** Utilities will review the Performance Based Incentive Application and provide to the Participant

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either an Approval to Proceed letter or a non-Qualification letter. Utilities will use the **anticipated** kW/ kWh/CCF or GHG reduction to provide the amount of the **potential** incentive. An attachment to the letter will list the required Measurement and Verification requirements.

- 7) Participant proceeds with construction and, when complete, notifies CBEP Program Manager.
- 8) **Utilities will perform a post-inspection of the work performed** and review the Final Measurement and Verification (M&V) data to determine the **actual** kW/kWh/CCF/GHG reduction.
- 9) Based on the actual kW/kWh/CCF/GHG verified during the M&V process, the potential incentive amount listed on the Approval to proceed letter will be adjusted up or down accordingly. Utilities will issue a credit or check to the Participant.

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Appendix 1

Project Evaluation and Measurement & Verification Determination

Note that each project will be unique and may require evaluation specific to the proposed technology. The evaluation criteria listed below will be applied to all projects.

Measure Type

- Early Replacement
 - Measures to replace equipment with more than fifteen (15) percent of the estimated life remaining will be considered early replacement.
 - Energy and demand savings will be determined by comparison of existing equipment to new equipment.
- End of Life
 - Measures to replace equipment with less than fifteen (15) percent of the estimated life remaining will be considered end of life.
 - Energy and demand savings will be determined by comparison of new equipment to any applicable code minimums or lower efficiency equipment with similar capacities.

Load Shape

- The load shape will be considered when calculating savings. Factors include seasonal usage, production related usage, continuous usage, day/night scheduling, etc.

Measure life

- Measure life will be based on Utilities' white paper "[Life Spans of Facility Equipment](#)" or engineering judgement for items not listed in the white paper.

Effect on other utilities

- Does the proposed measure reduce use for one service but increase use in another?
 - Example: beneficial electrification measures involve moving from natural gas to electricity as an energy source.
 - Increases in electric use caused by beneficial electrification will not be used in electric efficiency measure calculations.

Calculated savings from M&V

- All savings will be determined to within a ninety-five (95) percent confidence interval.
- Demand savings will be determined on a monthly basis.
- kWh savings will be determined as the total savings for one calendar year.
- GHG savings will be determined as the total savings for one calendar year.

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Examples of typical measure life. Contact Utilities for measures not listed.

Centrifugal Chillers	23 years
Reciprocating Chiller	12-14 years
Screw Chiller	20 years
Galvanized Cooling Towers	20 years
Split System A/C	15 years
Fan Coil	20 years
VAV Boxes	20 years
Indoor Air Handler	20-25 years
Air-Side Economizers	10 years
Water-Side Economizers	11 years
Package Rooftop A/C Unit	15 years
Water Cooled Package Unit	15 years
PTAC (Packaged Terminal Air Conditioner)	10-15 years
Water Source or Ground Source Heat Pump (closed loop)	19 years
Ground Source Heat Pump Bore Field	30 years
Air Source Heat Pump	15 years
Computer Room Air Conditioner	10-15 years
Kitchen Exhaust Hood Make-Up Air Tempering Unit	10 years
Base Mounted Pump	20 years

Heat Pipe Heat Recovery	14 years
Rotary Wheel Heat Recovery	11 years
Heat Recovery from Refrigeration Condensers	11 years
Thermal Energy Storage System (TES) - Ice	19 years
Thermal Energy Storage System (TES) - Water	20 years
Hot Water Boiler	25 years
Steam Boiler	30 years
Steam Traps	7 years
Conventional Direct Gas-Fired Tank-Type Domestic Water Heater	8-12 years
Heat Pump Water Heater	10 years
Hot Water Unit Heaters	20 years
Electric Unit Heaters	13 Years
Gas Furnace	18 years
Gas Fired Radiant Tube Heater	10 years
Electric Baseboard Heat	10-15 years
Electric Duct Heater	15 years
Hot Water Baseboard Heat	25 years
Motors	15-17 years
VFD	15 years