



SMUD Multifamily Energy Efficiency Rebate & Financing: A SMART CASE STUDY



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About SMUD

- SMUD generates, transmits and distributes electric power to 900 square mile territory (i.e. Sacramento County)
- Municipal Utility – governed by 7 member board of directors elected by the voters
- \$1.3 billion operating revenues in 2009
- 2,226 full time employees
- 589,599 customers in 2009 (522,238 residential customers)
- 1.4 million people in SMUD service area
- J.D. Powers – 2007, 2008 & 2009 best utility in the Western USA
- National leadership in Energy Efficiency (EE)
- SMUD – 15% of load resources over 10 years to be acquired from EE
- California AB 2021 requires that only 10% of load resources over 10 years to be acquired from EE



SMUD's Objective for the Multifamily Program

- The purpose of the new Multifamily Program is to capture energy-savings potential in existing apartment and condominium dwelling units and the properties' common areas which, for the most part, are not addressed by current SMUD programs.
- Approximately one-quarter of housing units in the SMUD service area are triplexes, or more dwelling units per housing structure.



SMUD Multifamily Data - 3 or more units

- Number of Multifamily Complexes – 7,767
- Number of Property Owners – 2,782
- Number of households – 115,567
- Average size of the complex – 14 units
- Average monthly usage for MF – 525 kWh
- Year Built 2000 or later 10.7%
- Year Built 1990 to 1999 10.1%
- Year Built 1980 to 1989 18.2%
- Year Built 1960 to 1979 39.8% (pre T24)
- Year Built 1940 to 1959 15.8% (pre T24)
- Year Built 1939 or earlier 5.4% (pre T24)



MF Energy Efficiency market barriers

- *Split incentives* between tenants and property owners. Tenants are reluctant to invest in efficiency improvements to property they do not own, although they pay the energy bill for their residences. Property owners are reluctant to invest in energy efficiency retrofits when they do not pay the energy bill.
- *Solution:* Offer rebates for the cost effective measures that are high enough to cover a significant portion of the measure installation cost.



MF Energy Efficiency Market Barriers

- *Lack of capital* by property managers and owners due to competing needs and in-adequate access to credit.
- *Solution:* Offer SMUD financing.
- *Complexity of the MF market*, in which many different market players, service agreements, in-house maintenance staff, can influence the decision making process.
- *Solution:* Offer a program that is flexible and easy to participate, offer prescriptive rebates, reasonable and clear installation requirements.



Why should multifamily property owners bother to invest in Energy Efficiency?

- Cut expenses in the MF common areas and thus increase Net Operating Income.
- Lowers total cost of renting for renters – lower energy cost for the tenants could translate in the competitive advantage.
- An “energy-efficient apartment” is a selling point presented to prospective renters.



Participation is easy:

1. MF Property owners/Managers review Program Application and the listed eligibility requirements (www.smud.org).
2. If SMUD financing is needed, call SMUD Financial Services at (916) 732-5472 to start the loan process (PRIOR to the installation).
3. Apply to reserve rebate funds.
4. Purchase and install the eligible energy efficient products.
5. Complete, sign, and mail in the rebate application form along with copies of your purchase receipts, paid contractor invoice, and any other required documentation that verifies completed installations.



Participation requirements

- New program for SMUD (started in 2009)
- Mostly a contractor driven program – licensed contractors market & recruit for projects, install energy efficiency measures, & process paperwork.
- Program is open to property owners or property managers with 3 or more units (SMUD customers).
- Property owners or managers can purchase and install the energy efficiency products on their own OR contract for the installation of the qualified product(s) with any licensed contractor.
- All installed energy efficiency products must meet the SMUD specifications.



What EE measures can be implemented?

- Lighting (CFL hard wired pin-based fixtures, T5 & T8 replacements, LED signage).
- Building shell (cool roof, insulation, windows).
- Appliances (dishwasher, clothes washers).
- Heating, ventilation & air-conditioning (A/C, heat pumps).
- Other (swimming pool pumps & motors, free shade trees, solar domestic water heaters).
- 28 different measures under one “umbrella”.



What types of SMUD financing is available?

- Presently, SMUD offers financing at a fixed interest rate of 8.5% (10-year term).
 - A loan application fee of \$100. SMUD will return this fee if we decline the application.
- Upon SMUD's approval, the loan commitment is valid for 180 days.
- \$250,000 financing limits – underwriting on a case-by-case basis.



SMUD Multifamily Energy Efficiency Rebate & Financing Program

2009 RESULTS:

- Number of projects – 352 apartment complexes
- Budget (total) – \$4,073,000
- Incentives – \$3,800,000 (limit for 2009)
- GWh goal – 12.7
- MW goal – 1.64
- Cost Effectiveness: 4.67 levelized cents per KWh
- Environmental Benefits – 5,144 tons of CO₂ avoided annually
7,163 lbs of NO_x avoided annually
approximately equivalent to having 510 mature oak trees

2010 PLAN:

- Budget (total) – \$1,771,000
- Incentives – \$1,600,000
- GWh goal – 5.6
- MW goal – 0.7



Changes for 2010 SMUD Multifamily Energy Efficiency Rebate & Financing Program

- Lower rebates (for example – interior CFL from \$40 to \$30 and exterior CFL from \$30 to \$25).
- Contractors and Property Owners must reserve SMUD rebates and obtain SMUD approval prior to any work.
- Standardized type of CFL fixtures (for example – GU24).
- Strive for the “comprehensive” lighting retrofit – interior & exterior retrofits, tenants’ apartment units & common areas.



SMUD Multifamily Energy Efficiency Rebate & Financing Program

Questions?

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Program .pdf file posted at www.SMUD.org
(search under “multifamily”)