

“How Going Green Can Put Green in Your Pocket!”

by Oliver de Bats

Going GREEN can be good for the environment, your property's bottom line, and your wallet. A perfect example is by replacing or retrofitting your old lighting fixtures with new energy efficient models. This decreases your income property's lighting energy costs immediately and in the long-term, which directly equates to increased profits. And for a limited time, if your multifamily income property receives energy from Southern California Edison, you can have this retrofit done at NO COST to you via their “Multifamily Energy Efficiency Rebate Program,” which means even more money in your wallet.

As of January 1, 2009, Southern California Edison (SCE) utility company re-opened their Multifamily Energy Efficiency Rebate Program. This means that if your apartment (two or more units) building receives energy from SCE, then you may qualify to get your interior and exterior lighting fixtures replaced/retrofitted with the new ‘Energy Star’ fixtures at NO COST, for a limited time! You read correctly, for a limited time ONLY! Basically as it stands, the program will remain open for as long as the utility company has funds to pay rebates for the retrofit making it a first come first served situation. What's better than having someone else pay to replace your apartment building's inefficient, high energy consuming, high cost to maintain and soon-to-be obsolete lighting fixtures with “Energy Star” fixtures and bulbs for you without a dime coming out of your pocket?

The process is straightforward. All you have to do is visit your local energy utility company's website, go to their ‘rebate’ page (if they have one) and look up their approved vendor/contractor directory. Then choose a vendor/contractor to come out to your property for a consultation to describe their services and time frames. The paperwork is then filled out and submitted to the utility company to be approved. Once the installation is complete, the vendor/contractor notifies the utility company so they can release and issue the rebate/payment.

Most people do not know that screw-in incandescent bulbs will soon be phased out of the market and become obsolete as a result of advancement in technology and the ability to manufacture more energy efficient lighting fixtures and bulbs. In December of 2007 Congress passed a new energy law that will put all screw-in type bulbs (incandescent bulbs) off the market beginning 2012 and phased out completely by 2014. GU base bulbs are “Energy Star” qualified lighting fixtures easily identified by their square shaped base and plug-in pin like connectors at the bottom of the base and will be the next generation in the market. Energy Star lighting fixtures offer significant energy savings compared to incandescent lighting fixtures, which means more money in your pocket and less stress on existing energy producing plants.

I know that some of you reading this article may own apartment buildings in areas not serviced by SCE. As of the day that this article was written, here is information on Multifamily Energy Efficiency Rebate Programs available from other utility companies. The Los Angeles Department of Water and Power (LADWP), which services a large portion of Los Angeles County has never offered this type of retrofit program and currently does not have any plans to offer one in the future. Pacific Gas & Electric Corporation (PG&E) and Sempra Utility (SDG&E), which services the San Francisco Bay and the greater San Diego areas respectively,

have offered this type of program in the past. Each are also currently in the process of finalizing the details for their version of the Multifamily Energy Efficiency Rebate Program, which will be re-opened before the spring of 2009. Some smaller municipal utility companies, which usually only supply electricity to their respective city residents are not likely to offer this type of program. Your best bet is to check with your respective utility company via website or telephone and ask them if they have an ‘Energy Efficiency Rebate/Incentive Program’.

So, Who Does The Work And Who Pays Them?

There are professional and licensed California Electrical contractors who are registered and listed with utility companies to take care of the paperwork and do the work more efficiently.

How Does The Rebate Program Work?

Once the authorization for the retrofit and transfer of rebate/payment check to the electrical contractor is given by the property manager or owner by signing the application, the electrical contractor will submit the paperwork to the utility company to receive their approval for the project. This approval formally reserves the amount of money, from their coffers, necessary to perform the retrofit. After the retrofit is performed, the electrical contractor will submit a notice of completion to the utility company so that they can release and issue the rebate check to the electrical contractor as payment.

The biggest issue when dealing with any contractor is their level of quality and competency. I am sure that everyone is well aware of the simple fact that not all contractors are created equal and this definitely applies to electrical contractors. So how can you protect yourself from inexperienced and/or incompetent, not to mention unscrupulous electrical contractors? Here are five (5) measures that will help you check and verify the quality of a prospective electrical contractor:

1. Require a current and up-to-date Electrical Contractor’s License that is in good standing.
2. Ask about the electrical contractor’s years of experience.
3. Ask the electrical contractor if they are bonded.
4. Ask about the length of time of warranty that they offer after the installation is completed.
5. Ask the electrical contractor what kind of “after-warranty” services they offer, such as discounted pricing for future replacement bulbs.

The first three criteria are self-explanatory, the longer a company has been a licensed electrical contractor in good standing and bonded is the best. The last two criteria are where there is the widest range of difference.

Here are some rules of thumb and/or general tips that will help you navigate the waters better. Warranties are independently offered by the electrical contractor and not by the utility company, which is why you will find that not all electrical companies offer the same length, level, or quality of warranty. Warranties can often be directly related to the quality of the electrical contractor company. This is not an absolute rule but rather a rule of thumb that may be a good starting point:

- Small company warranties often range from 0 – 6 months,

- Mid-level company warranties often range from 0 – 12 months, and
- Strong/Large company warranties can be as long as 24 months.

In addition, not all electrical contractors offer “after-warranty” services, such as ongoing discounted pricing for replacement bulbs. Having somewhere to go for replacement bulbs in the future after the warranty has expired ensures seamless facility operation and maintenance. Currently, only a few large hardware stores carry GU base bulbs in stock on a regular basis. A strong electrical contractor/supply company should be able to offer them at better than retail prices.

Most financial experts advise that income property owners should think of themselves as an investment manager and not as a landlord. This basic principle is very important because as an investment manager you should primarily be concerned about making money. Making money in the short and long-term hinges on improving your R.O.I. (return on investment). Obviously, the faster you can realize a return on your investment the better. Decreasing your property’s expenses is an excellent way to improve your bottom line and increase your R.O.I.

Realistically, a lighting fixture retrofit provides you with three different ways to save:

1. Immediate reduction in lighting energy costs.
2. No lighting maintenance costs for the term of the warranty, and
3. Ongoing savings on future energy rate increases.

When you consider that utility companies increase energy rates on average by 5% per year, your long-term savings could be significant. Currently, LADWP is considering an increase of 3 to 8%, which will be finalized in March 2009. SCE has requested an approximate 7% rate increase in January 2009. In the rate design phase, SCE presents a total system average increase of 12% by the end of 2009. A small apartment building owner could realistically save hundreds of dollars per month and a large apartment complex could save thousands of dollars per month in lighting maintenance and energy costs. In these tough economic times, a prudent investor will find new ways to maximize their ROI, which is paramount to increasing profits while also preserving and increasing property value.

With Congress mandating the phase out of all incandescent bulbs by 2014, the bottom line is that you will eventually have to replace/retrofit your lighting fixtures anyway. Why not do it now when you can have it done for you at NO COST! As an additional point of point of interest, LADWP, SCE, PG&E, and SDG&E all do currently have energy efficient lighting rebate programs available for commercial property as well. Again, check with your local energy utility company for terms and conditions.

SCE Website Disclaimer: “This program is funded by California utility customers and administered by Southern California Edison under the auspices of the California Public Utilities Commission. This program is offered on a first-come, first-served basis and is effective until funding is expended or the program is discontinued by the California Public Utilities Commission. This program may be modified or terminated without prior notice.”

Oliver de Bats is an Energy Efficiency Consultant with Alpha Energy Solutions, Inc. one of the largest electrical contractors working with and approved by SCE, PG&E, and SDGE to perform lighting fixture retrofits. Mr. de Bats is based in Los Angeles and can be reached at oliver@alphaesolutions.com for multifamily/commercial property consultation.