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## Update: The lighting upgrade market and utility rebate opportunity

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Energy-efficient lighting upgrades (involving such products as T-8 and compact fluorescent lamps, electronic ballasts, lighting controls, etc.) are already some of the most financially attractive investments around, driving short payback periods and outstanding returns on investment. Building owners, managers, end users, and property/real estate professionals can further sweeten the deal and hasten their payback periods, however, by capitalizing on the availability of financial incentives and utility rebates. Offered by a broad range of utility companies as a means of encouraging commercial, industrial, and institutional facilities to reduce their energy consumption, the purchase of each energy-efficient lighting product or system can currently merit a rebate of anywhere from \$10-50 from a number of the many utilities in the east coast and New England.

In the following interview, Ed Skeffington – vice president of Northern Energy Services, Inc., a full service lighting and energy management company based in Northborough, Mass. – discusses the current lighting upgrade mar-

ket and the status of the utility rebate opportunity.

**SB:** How would you describe the current climate for utility lighting rebates?

**ES:** The current climate for utility rebate programs in the Northeast and New England regions is good. There are a lot of programs in the market and these programs have maintained their momentum over time. In the Northeast, rebate programs are typically funded in 5-year blocks of time and our current programs are scheduled to be active through 2007. In that so many facilities still contain outmoded and less-efficient lighting systems such as T12 fluorescent lamps driven by magnetic ballasts, we believe that the upgrade market is strong and that utility rebate programs will remain active.

**SB:** Please describe how the most popular form of lighting rebate works

**ES:** The most popular option we see is the “prescriptive” rebate, in which a utility offers a menu of energy-efficient product rebates and will pay out financial incentives upon installation of the product(s). Rebates can also be offered through more customized programs, where the payment is determined based on the magnitude of kWh saved.

**SB:** What other major trends do you see in rebates?

**ES:** More and more utility rebate programs are emphasizing a “comprehensive” approach to en-

ergy-efficient upgrades, encouraging end users to address the broader range of building envelope technologies such as HVAC, motors, and drives in addition to lighting products. As the cost of fuel continues to rise and the concept of energy efficiency becomes more widely embraced, utilities are encouraging their customers to investigate their full range of upgrade opportunities beyond just their lighting.

**SB:** How can lighting rebates positively impact the cost of an upgrade?

**ES:** Lighting upgrade projects on their own can routinely reduce energy consumption by as much as or more than a third and drive 2-3 year paybacks and 25-50% returns on investment. The introduction of a rebate into the equation, which in the Northeast can reduce project costs by as much as 40%, will only further hasten payback periods and ROIs beyond the already-attractive results previously mentioned.

**SB:** Overall, what message would you like to convey relative to the lighting upgrade opportunity as well as the current state of utility rebates in the U.S.?

**ES:** Utility rebates are strong and the opportunity to upgrade remains wide open. Property managers, facility executives, and real estate professionals are encouraged to investigate their lighting upgrade and utility rebate opportunities so that they can capitalize on the benefits that are available to

them. Energy-efficient lighting upgrades vastly improve the quality of the lighting system within a space and can significantly reduce energy costs to the end user, both of which can help differentiate a facility space as well as increase the valuation of a tenant-lease facility in today’s competitive marketplace. If they do nothing else, property owners and managers should at least conduct upgrades in their vacant space, where there is no issue of disruption to tenants. Facility owners and managers should also take interest in energy-efficient upgrades and rebates because energy conservation represents responsible activity that will benefit the generations to come.

There has never been a better time to investigate your lighting upgrade and utility rebate opportunities! For more details, the U.S. Federal Energy Management Program (FEMP) site at <http://pnnl-utilityrestructuring.pnl.gov/energymanagement/energymanagement.htm> offers visitors current information on both the status of utility deregulation activities as well as utility rebate offerings by state.

To be connected to a qualified energy service company near you or to request a free upgrade guide, contact Susan Bloom at [susan.atc.bloom@philips.com](mailto:susan.atc.bloom@philips.com).

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