



## The Marcellus Shale: STATE INCENTIVES TO PROMOTE NATURAL GAS USE

To provide an educational resource on the state and federal incentives promoting commercial and industrial natural gas use, the Marcellus Shale Coalition's (MSC) Gas Use Committee has assembled this document to promote increased use of natural gas across the region, and the nation.

### New York

#### Incentive Description

#### Type

**National Grid (Gas) - Commercial Energy Efficiency Rebate Programs (Upstate NY):** TPrescriptive rebates are available for common energy efficiency measures installed after the completion of an energy audit. Custom incentives are available for projects that demonstrate the use of natural gas more efficiently than industry practices and/or more efficiently than the minimum building code requirements. Incentives are available covering up to a maximum of 50% of project costs, capped at \$100,000 per site and/or per project. Custom incentives are classified as either Level One or Level Two depending on size and complexity of the project. The Commercial High Efficiency Heating Program offers rebates ranging from \$200 to \$12,000 for various types of energy efficient space and water heating equipment. Rebates depend on equipment type and efficiency. National Grid will also finance 50% (up to \$10,000) of the cost incurred as part of an approved energy efficiency engineering study. The study must be completed by a certified energy manager or professional engineer. This program provides support services and incentives to commercial customers who install energy efficient natural gas related measures. All firm commercial and firm transportation rate customers are eligible to participate. [www1.nationalgridus.com/EnergyEfficiencyPrograms](http://www1.nationalgridus.com/EnergyEfficiencyPrograms)

Rebate

**Energy Smart New Construction Program:** NYSERDA has made \$91 million available to conduct technical assessments of energy-efficiency measures in building designs and to offset up to 75% of the incremental capital costs to purchase and install energy-efficient equipment. Maximum incentive amounts vary by project type and incentive category. Incentive amounts for projects in Consolidated Edison's (ConEd) service territory are generally higher than incentive amounts for projects in other utilities' service territory. The total per project limit is \$1.575 million for projects in ConEd's service territory and \$825,000 for eligible customers of other utilities. Bonus incentives for certain improvements are not counted towards the project cap. The program is funded by the New York's System Benefits Charge (SBC). Funding is available for technical assistance, commissioning services, pre-qualified measures, custom electric efficiency measures, whole-building design and LEED projects. Substantial renovations of existing buildings are also eligible for incentives under this program. [nyscrda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-1601-New-Construction-Program-Financial-Incentives.aspx](http://nyscrda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-1601-New-Construction-Program-Financial-Incentives.aspx)

Production  
Incentive

**Tax-Exempt Equipment Leasing Program (TELP):** TELP is a financing program that changes the traditional two-party lease structure to include a financing organization as a third party. Client lease payments are reassigned to this third party, which does not pay any taxes on interest. Due to this elimination of taxes on the interest portion of a lease payment, the average client saves about 10% on each \$1,000,000 leased. Dormitory Authority TELP lease fundings average \$4.5 million, and range from \$386,000 up to \$44 million.

Tax

Any NY State Dormitory Authority client that leases technical equipment, *including energy management equipment for the production of CHP*, is eligible. Savings vary according to the interest rate. [dasny.org/telp/index.php](http://dasny.org/telp/index.php)

New York

Incentive Description

Type

**Existing Facilities Program:** The NYSERDA Existing Facilities program merges the former Peak Load Reduction and Enhanced Commercial and Industrial Performance programs. The new program offers a broad array of different incentives to electricity and natural gas customers within the state that pay the System Benefits Charge (SBC). Energy service companies (ESCOs) that implement efficiency measures for eligible customers are likewise eligible. Both pre-qualified equipment rebates and performance based rebates are offered under this program. Projects with a simple payback greater than 18 years, or less than 1 year (or 6 months for manufacturing and data center projects) are not eligible for incentives. [nyserdera.ny.gov/existing-facilities](http://nyserdera.ny.gov/existing-facilities)

Production Incentive

**FlexTech Program:** The FlexTech program helps identify and encourage the implementation of cost-effective energy efficiency, technical evaluations, process improvement analysis, energy master plans, retro-commissioning and development of CHP projects. Cost-sharing incentives are available to eligible participants who undertake CHP Project studies. For eligible CHP studies, NYSERDA will cost-share up to \$1,000,000. CHP studies must investigate the site-specific technical and economic feasibility of installing gas-fired CHP. All scopes of work must identify the specific uses for the recovered heat. Proposals seeking assistance with evaluating CHP systems for which less than 75% of the electricity generated would be used on-site are not eligible for funding. [nyserdera.ny.gov/flextech](http://nyserdera.ny.gov/flextech)

Grant

**Industrial and Process Efficiency Performance Incentives:** Incentives are provided on the custom application of commercially available technology. Each project will be unique based on the applicant's needs and site-specific process. Energy savings incentives are based on one full year of energy savings. For productivity improvements, the energy savings will be calculated by determining energy use per unit of production or workload before and after the improvement, and multiplying the difference by the new output. The maximum incentive is 50% of project cost, up to \$5 million per facility per year (electric) or \$1 million per facility per year (gas). There is also a minimum incentive size of \$30,000. Incentives are prorated for customers that pay the SBC on less than 50% of their usage. The program is funded through the Energy Efficiency Portfolio Standard (EEPS) and System Benefits Charge (SBC). The program budgets are \$26.8 million for gas and \$94.4 million for electric. [dsireusa.org/incentives/incentive.cfm?Incentive\\_Code=NY56F&re=1&ee=1](http://dsireusa.org/incentives/incentive.cfm?Incentive_Code=NY56F&re=1&ee=1)

Production Incentive

**Linked Deposit Program (LDP):** The Linked Deposit Program helps New York state firms obtain reduced-rate financing. Structured as a public-private partnership, businesses can obtain subsidized loans (subsidized by state deposits) with a 2-3% interest rate reduction. An eligible business can now have an unlimited number of LDP loans outstanding, totaling \$1.5 million. The single deposit limit is \$1 million; there is no minimum deposit. Total lifetime assistance (including renewals and prior deposits) cannot exceed the legislated lifetime maximum of \$2 million. Borrowers can apply for a 4-year renewal/extension on an existing 4-year LDP loan, thereby increasing the total term of assistance on certain loans to 8 years. This program helps existing New York State firms undertake projects to "improve their competitiveness, market access and product development; modernize their equipment and or expand their facilities for productivity growth or to introduce new technologies; to facilitate ownership transition; and to promote job creation retention." [esd.ny.gov/BusinessPrograms/LinkedDeposit.html](http://esd.ny.gov/BusinessPrograms/LinkedDeposit.html)

Loan

New York

Incentive Description	Type
<p><b>CHP Acceleration Program:</b> The Combined Heat and Power (CHP) Acceleration Program provides incentives for the installation of pre-qualified and conditionally qualified CHP systems by approved CHP system vendors. Incentive funds will be allocated on a site-by-site, first-come-first-served basis in the order of application receipt. The maximum incentive per project is \$1.5M. The program budget is currently \$20 million. Eligible project size: &gt;0.05 MW and &lt;1.3 MW. <a href="http://nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-2568-CHP-Acceleration-Program.aspx">nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-2568-CHP-Acceleration-Program.aspx</a></p>	Grant
<p><b>Combined Heat and Power Performance Program:</b> The New York State Energy Research and Development Authority (NYSERDA) has made \$36,000,000 available to promote the installation of clean, efficient, and commercially available CHP systems. Incentives are performance-based and correspond to the summer-peak demand reduction (kW), energy generation (kWh), and fuel conversion efficiency (FCE) achieved by the CHP system on an annual basis over a two-year measurement and verification (M&amp;V) period. Systems will receive: Upstate: \$0.10/kWh + \$600/kW. Downstate: \$0.10/kWh + \$750/kW.</p> <p>Base CHP Incentives are capped at the lesser of \$2,000,000 per CHP project or 50% of total project cost. Bonus Incentives, up to \$600,000, are available as noted under Bonus Incentives Available. Overall Incentives are capped at the lesser of \$2,600,000 per CHP Project or 50% of Total Project Cost. Eligible project size: &gt;1.3MW <a href="http://nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-2701-Combined-Heat-and-Power-Performance-Program.aspx">nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities/PON-2701-Combined-Heat-and-Power-Performance-Program.aspx</a></p>	Production Incentive
<p><b>Custom Measures Commercial and Industrial Rebate Program:</b> The New York State Energy and Gas (NYSEG) and Rochester Gas &amp; Electric (RG&amp;E) Commercial and Industrial Rebate Program offers custom rebates to qualifying non-residential customers who install energy efficiency measures that are not covered by the prescriptive applications. There is no maximum rebate per customer, but NYSEG/RG&amp;E may cap rebates for individual projects. NYSEG or RG&amp;E reserve the right to deny any application that may result in either company exceeding its program budget. Customers can receive rebates from the New York State Energy Research and Development Authority (NYSERDA) or their utility, but not from both NYSERDA and their utility for the same measure. Measures must be cost-effective (total resource cost of at least 1.0 to be confirmed by rebate processor). Incentives are offered on a first-come, first-served basis and are subject to project and customer eligibility and availability of funds. Customers must have an electric load of 100 kW or greater. <a href="http://nyseg.com/usageandsafety/usingenergywisely/eeps/cirp.html">nyseg.com/usageandsafety/usingenergywisely/eeps/cirp.html</a></p>	Rebate
<p><b>New York Natural Gas Rates:</b> New York customers using natural gas for distributed generation including CHP may qualify for discounted natural gas delivery rates. In April 2003, the New York Public Service Commission (NYSPC) issued procedures for developing gas-delivery rates that the local gas distribution companies (LDCs) would exclusively apply to gas-fired distributed generation (DG) units. Gas for CHP must be separately metered and meet certain load factor requirements. <a href="http://dps.ny.gov/">dps.ny.gov/</a></p>	Utility Rate