



# Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION KEY ACCOUNT CUSTOMERS

JUNE 2011

## Bill payment options summarized in convenient new webpage

With so many payment options available to customers, MLGW has updated its website to summarize the alternatives for businesses and organizations. Read the details at [http://www.mlgw.com/SubView.php?key=comm\\_payyourbillx](http://www.mlgw.com/SubView.php?key=comm_payyourbillx)

## Seasonal rates move to Summer phase

Effective with meter readings on 6/2/2011, MLGW is billing with the new Summer rate. A higher rate than months in the Transition (April, May, October and November) and Winter (December through March) periods, Summer rates reflect the higher cost of electric service during peak usage months. See the March 2011 issue of *Energy Edge* for details. You'll find electric rates posted at [http://www.mlgw.com/SubView.php?key=comm\\_genrateinfo](http://www.mlgw.com/SubView.php?key=comm_genrateinfo)

Now more than ever, it pays to focus on energy efficiency and conservation opportunities for your facility. Need advice to get started? Consider the advice aspects of TVA's Energy Right Solutions for Business. Not only will you receive basic energy audit information, but you can also receive rebates based on the qualified energy measures you implement. Find details at [www.mlgw.com/businessenergyincentives](http://www.mlgw.com/businessenergyincentives)

## Things to consider when "greening" your commercial lease

Although "green leases"—leases that are designed to encourage sustainable practices by both the landlord and the tenant—are getting a lot of attention these days, commercial tenants and landlords alike might mistakenly believe that greening a lease is more hassle than it's worth. In reality, adding a shade of green to a commercial lease doesn't have to be cumbersome; it just takes a little collaboration.

Though there are a variety of elements to a lease that are capable of being greened, energy-efficiency provisions stand out by offering substantial energy-bill savings. Whether negotiating a new lease or revising an existing one, the following guidelines can help you organize a lease that allows everyone to benefit through energy efficiency.

### MLGW Rates

MLGW's current and historic electric, natural gas and water rates are published at [www.mlgw.com](http://www.mlgw.com), along with updated Purchased Gas Adjustment and Fuel Cost Adjustment rates.

### Purchased Gas Adjustment (PGA)

MLGW Rate	Consumption	Demand
G-1 residential	(\$0.019)	na
G-7	(\$0.324)	na
G-8 / G-9	(\$0.474)	\$0.288
G-10 / G-12	(\$0.464)	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 6/2/2011.

### Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.02467
GSA, Part 2	E-2	\$0.02467
GSA, Part 3	E-2	\$0.02437
Residential	E-1	\$0.02493
Outdoor Lighting	E-3	\$0.02497

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 6/2/2011.



### Important Contact Information

Commercial Resource Center:

*Monday-Friday*

*7:30am-5:00pm Central*

Phone: 901-528-4270

Fax: 901-528-4547

E-mail: [crc@mlgw.org](mailto:crc@mlgw.org)

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR BILL ONLINE AT [www.mlgw.com](http://www.mlgw.com)

**Identify energy-efficiency priorities first.** A green lease should be designed with both the landlord and the tenant in mind because it represents a shared commitment to improve a building's efficiency and reduce its operating costs; however, each party involved might have different goals. Consider these questions early in the lease design:

- What are your energy-efficiency goals?
- Will an equipment upgrade or building improvement be required?
- Will you pursue energy performance certification for the building?

Ideally, these questions will result in open and honest discussions to determine what outcome each party expects in terms of energy performance.

**Identify resources for capital improvements.** Deciding how to share the costs of energy-efficiency upgrades can be tricky. To simplify things, begin by answering the following questions for each intended improvement:

- What is your budget for capital projects?
- Are federal, state, local, or utility incentives available?
- What is your allowable payback period on an investment?
- Will costs be paid by the landlord, the tenant, or both?

For each question, determine how much investment each party is willing to make. Ultimately, this will help identify what capital projects are possible. If one party (tenant or landlord) will be overseeing the projects while the other pays some or all of the costs, consider including a cap on energy-efficiency capital costs to prevent cost overruns.

**Determine who will benefit from energy reductions.** Just as the costs of a project must be allocated, the savings generated by an improvement must also be distributed. Consider the following elements when assessing potential for energy savings:

- Who will pay the energy bills?
- Will energy use be metered individually for each tenant or divided based on square footage?
- Are reductions in operating costs shared?

Understanding how the energy bill is divided is important because assigning energy costs based on square footage alone might unfairly subsidize energy-hogging offices or equipment while penalizing offices that implement energy-efficient technologies. Energy savings from improvements can be estimated in cases where directly measuring or validating the savings is too costly to be worthwhile.

**Establish energy-efficient procedures.** Energy efficiency can be accomplished without major capital projects. Tenants and landlords can incorporate a variety of energy-efficient operating and maintenance procedures into a commercial lease without incurring a large cost burden. By specifying these procedures in a lease, tenants and landlords set the standard for how a building operates. Some requirements may be directed at the landlord and some at the tenant. If you're renegotiating a lease or signing a new one, check the following items to see where a building can operate more efficiently.

#### **Landlord-oriented items:**

- Replace failed equipment and appliances with Energy Star-qualified models, as available.
- Set provisions to commission new equipment to ensure that it operates properly.
- Ensure that all windows and doors have acceptable caulking and weather stripping.
- Use occupancy controls for office lighting.
- Operate parking-lot lighting with a timer or photosensitive controls.

- Establish operating hours for common-area lighting and HVAC systems that are in tune with business hours.
- Maintain water heaters at 120°, unless a higher temperature is required.

**Tenant-oriented items:**

- Agree on an energy-saving setting for the building's temperature, ideally automatically controlled through a programmable thermostat.
- Use energy-efficient bulbs in task lighting.
- Use energy-saving modes at computer work stations.
- Install smart power strips at computer and print stations.
- Close shades on the south side of a building to prevent overheating in the summer; open them in the winter to benefit from passive solar heat.
- Commit to train staff about energy efficiency and energy conservation in the workplace.

Establishing a "green team" is a good way to initiate discussions about energy efficiency. The team may include representatives from the owner's side, the tenant's side, and the property management company. Because careful drafting is always a good idea when negotiating a lease, consult a real estate lawyer. Most of all, remember that a greener lease entails a partnership between the landlord and the tenant.

*This article was provided by ESource, the utility research and technology firm that also maintains the Business Energy Advisor content at [www.mlgw.com/businessenergyadvisor](http://www.mlgw.com/businessenergyadvisor) Visit our webpage for more.*

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