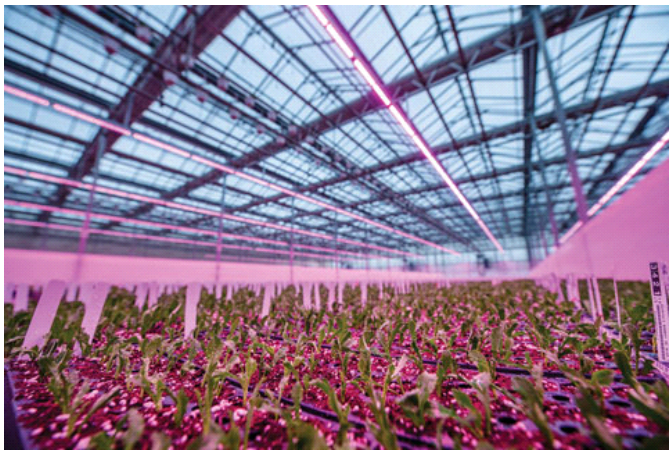
GROWERTALKS

Features

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Rebates Sweeten the Deal

Kerstin Poehlmann



There's no shortage of information about the benefits of switching to LED lighting in the greenhouse. With a broad range of potential improvements, growers may experience faster rooting, more compact plants, reduced need for plant growth regulators (PGRs), labor savings, faster finish times, energy savings, better control of greenhouse climates and more. So if the benefits are so great then why hasn't everybody switched to LED lighting yet?

Aside from human hesitancy to switch to something new or to take on a large project, the limiting factor is often the cost involved, even though it'll eventually be offset by the benefits and savings mentioned. Fortunately, there's a cornucopia of rebates and incentives available to help growers make the switch. And while the process might seem intimidating at first, and growers might question if it's worth the effort and whether or not they'd even qualify, growers don't have to go it alone. There are a lot of resources available that make the process manageable—and no doubt worth it.

Worth the rebate

Rebates are typically available from the utility companies. Why would a utility company pay you to effectively purchase less energy? It comes down to reducing the load on the energy grid, which is maintained by the utility companies. Less load on the grid means less need for infrastructure maintenance and expansions, and fewer potential problems, such as grid overload leading to blackouts.

There are an astonishing number of utility companies in the U.S. and the rebate programs often vary from one to the other. Growers will need to start with their utility company to find out what's available to them. There's no one-size-fits-all. But it's well worth the effort, as rebate amounts can be significant.

"Most energy-efficiency rebates offered by utility companies require luminaires to be on the DesignLight Consortium (DLC) qualified product list (QPL)," explained Rachelle Winningham, Product Marketing Manager for Philips Horticulture LED Solutions. "DLC is an independent non-profit organization that helps growers, utility companies and decision makers by providing them with data and resources, including quality of lighting and controls. A luminaire must meet certain criteria under the latest horticulture lighting technical requirements for the luminaire to be approved and listed.

“It is the manufacturer’s responsibility to ensure luminaires meet the DLC specifications, but the grower should always use quality LED product design, which would at least meet DLC’s QPL, such as the suite of Philips Horticulture LED lights.”

Utility companies are just one of several sources of financial support for growers who make the switch to LEDs and the good news is that rebates, incentives, grants and loans can often be used in tandem. States may also offer such incentives and each grower should check with their state. Local farm advisors or university extension personnel are often a great resource for programs available in each specific area.

On the federal level, there’s the USDA Rural Energy for America Program (REAP). According to the USDA website, REAP provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy-efficiency improvements. Agricultural producers may also apply for new energy-efficient equipment and new system loans for agricultural production and processing. Funding available includes grants for up to 50% of total eligible project costs, loan guarantees on loans up to 75% of total eligible project costs, potentially amounting to combined grant and loan guarantee funding of up to 75% of total eligible project costs, subject to caps for each loan and/or grant. (Detailed information about the program, eligibility requirements and the application process can be found at rd.usda.gov.)

Timing is key

One of the most important things to note is that growers should start looking into financial incentive programs as part of their planning process of the project. For many programs, growers need to be pre-approved before they purchase new equipment. While different utilities have different requirements, early planning is key. Once approved, growers have time to complete the project and sometimes extensions are available. Just don’t ask for money after the fact. Many utility companies and federal programs have specific funding windows.

Once marked funds within the window are exhausted, applicants must wait until the next window opens. The amount of funds available within a funding window is subject to change. Federal programs have their own deadlines and applying early is once again key. Processing times can be long and funds available can vary from year to year, depending on fiscal budgets.

Additionally, it’s critical to not delay the conversion from HPS lighting to LED lighting because rebates won’t be around forever. Especially as LED adoption increases around the industry, utilities will sooner or later become less inclined to offer rebates because wider LED use will result in the energy conservation that the utilities currently seek.

No need to go it alone

Admittedly, while the cornucopia of rebates and other financial incentives is very enticing, the process may still sound quite daunting. Fortunately, growers don’t need to go it alone. Suppliers have staff and resources available to assist growers along the way. While a grower might go through this process only once or a few times over the course of their business, for the suppliers it’s part of their everyday job. What’s more, there are third-party companies available whose sole business is to handle the entire application and approval process for growers and maximizing the rebate amounts granted. Many companies collect payment as a percentage of funds awarded only once funding has been approved, so growers really have nothing to lose. Given how substantial financial incentives can be, it’s definitely worth considering this route as to not miss out on any opportunity and leave dollars on the table.

“Growers have a lot to consider when tackling an expansion or retrofit project, so they might be reluctant to add the rebate or incentive application process to their list of tasks,” said Ron DeKok, Chief Commercial Officer for Big Incentive Group. “Therefore, they could potentially leave a lot of money on the table.”

Rachelle added, “By moving to LED lighting and taking advantage of available rebates, incentives and/or grants, growers will not only lower their operating costs and improve their operational efficiency with current technology, but they’ll also realize a faster ROI on their LED investment.”

There are also third-party companies that absorb the risk by providing the incentive or rebate upfront.

“Converting to LEDs with the support of available incentives offers multiple distinct advantages,” Ron said. “First, applying incentives directly to the LED purchase means growers are not required to tie up all their capital; instead, they simply pay the net difference with no additional fees. Second, the adoption of LEDs can significantly lower operational costs by reducing energy consumption—often cutting power bills by 30%, 40%, 50% or even more.”

Beyond LEDs

The switch to LED lighting is only one of several energy-efficiency improvements that may qualify for rebates, grants and other incentives. For instance, switching to renewable energy sources such as solar or wind electricity, installing energy-saving greenhouse screens and curtains, or upgrading to energy-efficient HVAC or dehumidification systems may qualify. Growers should consult with their supplier as they discuss the planning process.

And there are even incentives that have nothing to do with energy conservation. Some states offer labor incentives, which could be a consideration before planning a relocation or expansion project. Also, some municipalities may offer their own ways of attracting new business development, so check thoroughly. If there’s one takeaway from this: never hesitate to ask! There’s a wealth of funds available, but only for the asking. **GT**

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