

**FILED WITH
Executive Secretary**

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IOWA UTILITIES BOARD

EEP-2013-0001

RESIDENTIAL NEW CONSTRUCTION

Pilot Description

Black Hills Energy designed the Residential New Construction (RNC) pilot program to promote the construction of energy-efficient single and multifamily homes by providing incentives to new home builders for installing high-efficiency, natural gas-fired space and water heating equipment and more robust thermal envelope measures. The RNC pilot program takes a comprehensive approach to overall efficiency, and was designed to minimize the lost opportunities for energy savings in each structure. Due to the increased efficiency levels of current and expected codes and standards, Black Hills Energy has chosen to adopt a HERS based approach to keep the portfolio cost-effective, while maintaining the framework of support for builders and encouraging the construction of high efficiency new homes.

Builders will be required to submit a proof of code compliance to be eligible for program participation, as well as a HERS certificate. They will also be required to pre-enroll their projects in the pilot program in order to participate.

Program Delivery and Promotional Activities

The existing RNC program has not been successful during the course of the first two years of Black Hills Energy's EEP. While Trade Ally engagement has remained high, barriers to participation exist within the framework of the previously developed plan. By concentrating on a community close a local office and the program coordinator, Black Hills Energy hopes to continue to increase the targeted outreach to private sector trade allies to develop and maintain the relationships necessary to foster participation in the program. Black Hills Energy plans to do this through phone, mail, e-mail, and in-person visits, as well as a maintaining a presence at industry meetings and events in the targeted area. For trade allies interested in participating in the pilot program, Black Hills Energy's outreach efforts will also include training sessions and document preparation and submission assistance.

Target Market

The pilot program will target builders constructing new residential facilities that use natural gas for primary space heating within the Grimes zip code (50111). While the majority of participating homes are expected to be single family units, duplex and triplex homes will also be considered.

Eligibility Parameters

| | |
|------------------|--------------------------------|
| Customer Class | Residential gas rate |
| Customer Status | All |
| Building Type | 1-3 unit homes |
| Building Vintage | New |
| Geography | 50111 zip code (Grimes, IA) |

Trade Ally Targets

Black Hills Energy Works With the Following Critical Trade Allies

- Builders active in the 50111 zip code
- Realtors active in the 50111 zip code
- Home energy raters (HERS) active in the 50111 zip code

Eligible Measures and Incentives

Qualifying homes must include the equipment specified in the below table. In addition, builders may also apply for additional rebates under the Residential Prescriptive Program, such as high efficiency clothes washers.

| Measure Name | Measure Description | Base Equipment | Proposed Incentive |
|----------------------------------|---|------------------------------|--------------------|
| 96% AFUE Furnace (with Manual J) | Installation of a 96% AFUE furnace which has been properly sized | Code Requirement of 85% AFUE | \$2,000 |
| Water Heater | Installation of .67 EF Storage Water Heater | Federal Standard EF = .59 | |
| 2012 IECC | Must meet 2012 IECC and show proof of compliance | N/A | |
| HERS rating of 60 or less | Must show HERS certificate indicating building achieved a rating of 60 or lower | No HERS rating conducted | |

Participation

The participation target for the two year pilot program is 250.

Energy Savings

The energy savings target for the two year pilot program is 28,000 Dekatherms.

Budget

The budget for this program will remain as stated in the original 2014-2018 EEP.