

Rebate Agents: Their roles in utility C&I programs and the implications for managers and evaluators.

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Introduction

“Rebate agents” are third parties hired by commercial and industrial (C&I) clients to locate, apply for, and collect utility incentives for energy efficient upgrades on customers’ behalf. Agents may also perform other services such as energy analysis and engineering studies, ROI calculations, and measure-specific sales and installations; a few even implement utility incentive programs. Most have national clients, usually retailers, who they represent across multiple utility service territories. Understanding the role rebate agents play is essential for both evaluators and program managers.

Methodology

In two different evaluations, we examined the impacts of utility C&I incentive programs, contacting and interviewing “decision-makers” and collecting their self reports on typical NTG question batteries. We conducted follow-up interviews with rebate agents who represented C&I customers to understand their roles in the programs and in utility programs generally. We interviewed eight rebate agents representing six large firms with a national presence and a seventh with a regional presence. Finally, we reviewed the seven firms’ websites and one more of another large firm who was not interviewed.

Background and Role in the Market

There are at least seven, large, national firms whose focus includes capturing rebates for clients. These include Bluestone, Brite Switch, Coleman-Hines, Energy Management Collective, Lime Energy, Philips Optimum Lighting, and Real Win Win. Most firms started as technical/engineering consulting firms and have often worked in the energy market for decades. They are technically knowledgeable of measures and design and assist customers in realizing efficiency goals. Rebate agents have steadily increased their focus on utility rebate programs and now help customers realize the best ways to leverage available budgets and rebates into energy savings.

Rebate agents sometimes describe their services as “rebate capture services,” “rebate management services” and “utility incentive qualifications.” Agents generally refer to themselves as “rebate administrators,” but at least one refers to agents who win incentives for customers who would have incorporated measures even without any incentive dollars as “rebate hunters”.

Rebate agents tend to work for national clients, often retailers. Online, we found such clients as Pier One Imports, Stop&Shop, and Coca-Cola. Program records include many more national clients including several well-known retail chains. Projects associated with rebate agents often represent a significant portion of a program’s participation and savings. For example, in a first year new

construction program, agents represented 48% of first year participants, and 14% of the ex ante savings. Online, one firm states it “screened more than 21,000 projects, capturing close to 7,000 individual rebates and millions of dollars...” Rebate agents may be paid depending on the incentive dollars collected. One agent stated, “What we’ve seen in the industry is most (firms) take a 30-40% percentage of the rebates captured.” Another firm’s website states that “Rebate Administration is a success-fee service. The role agents play in the actual measure implementation varies. In some cases they may hire local contractors; in other cases, clients hire a general contractor to complete the project.

Rebate agents are attuned to the maturing energy efficient market. Some firms have proprietary databases which outline existing incentive programs. For example, one firm states “RebateCheck® is the most comprehensive rebate database available... (and) currently contains over 15,000 entries ...” Agents are constantly researching the incentive programs available per utility territory and some have maps on their websites showing incentives levels across the nation. One agent explained, “If a customer calls us or we call them, the first thing we do is ask ‘Who is your utility?’ and then we go onto that website and look for incentive programs.” Finally, aside from working as customers’ agents, a few firms have positioned themselves as the ultimate “middle men” advertising that they connect equipment manufacturers with customers, and that they implement programs for the utility.

Issues for Evaluators

For process evaluation, rebate agents can compare a local program to other national ones, and provide perspective on how a program can be improved. However, agents will likely have limited feedback in other areas such as program trainings since they rarely attend local events.

For impact evaluation, evaluators must consider the roles of the rebate agents appearing in utility records as the customer or decision-maker. Agents may not be able to recall specific projects in enough detail to support verification, free-ridership, and spill-over analysis. Further, they may have only limited insight into clients’ decision-making. However, given the significant portion of projects agents often represent, evaluators must collect relevant, meaningful information. For example, because chains may make design and efficiency decisions at the national level but implement them locally, NTG questions premised on a program directly influencing efficiency measures may not make sense to agents. Thus, typical NTG questions and algorithms may need to be adjusted.

Issues for Program Managers

One agent stated, “If there is a good incentive, we’ll sell that program, in hopes of getting that business.” While establishing relationships with agents early can help a program ramp up program managers need to consider free-ridership. Since, the same agent may represent several participating retailers, his responses on a NTG battery may strongly affect net impacts. In retrofit projects, retailers sometimes use territories with relatively high incentives as a way of pilot testing measures. Once convinced, and to standardize equipment, the retailer may decide to roll out the same measures across territories and become local utility participants. While local incentives usually still influence customers’ decisions, program managers must understand the degree of influence.