Lincoln Electric System

2026 Sustainable Energy Program

Miscellaneous Commercial and Industrial Energy Efficiency

Purpose

The purpose of the Sustainable Energy Program is to drive peak demand reduction and promote energy efficiency thereby reducing power costs, wasted energy and associated emissions. This will pave the way for a brighter, more resilient future. This document highlights incentives applicable to commercial LES customers looking to install energy-efficient measures.

Energy/Building Management Systems

Energy Management and Building Management Systems (EMS/BMS) optimize the operation of HVAC, mechanical and process systems to reduce energy use and lower peak demand. By automatically controlling equipment based on real-time conditions, schedules and occupancy, these systems ensure energy is used efficiently, prevent unnecessary consumption and help avoid costly demand spikes — delivering both operational savings and improved system performance.

- The incentive will be the **lesser** of the following:
  - 20% of the new system cost
  - 50 cents per square foot of floor space being served by the new system
  - $50,000
- Guidelines specific to Energy/Building Management Systems:
  - The energy/building management system must monitor and control major building loads, including HVAC systems, pumps, motors or other energy-intensive equipment. Lighting controls are addressed separately under the Lighting Controls section and are not eligible for this incentive.
  - The energy/building management system must have automated control capabilities (scheduling, setback/setpoint control, sequencing or optimization).
  - The energy/building management system must be networked or centrally controlled.
  - Qualifying projects must be a first-time EMS/BMS installation or consist of a substantial upgrade/optimization. Eligible buildings include those with older or non-networked systems, such as pneumatic controls, analog or legacy controllers, non-communicating thermostats or electrical controls, standalone sensors, manual schedules, partially digital systems, uncoordinated control systems, or non-integrated meters. Excluded projects include minor tweaks or simple software updates, like-for-like replacements, standalone controller swaps, or upgrades to an existing fully networked/digital EMS system.
  - LES may ask for an analytical estimate of the expected energy savings/demand reduction (with supporting calculation assumptions) at the time of pre-authorization.
  - These incentives are not available for new construction buildings; buildings must be at least five years old.

Lighting Controls

Vacancy and Occupancy Sensors automatically turn lights off when spaces are unoccupied, reducing energy use, cutting costs, and lowering peak demand.

- Incentives:
  - Embedded Occupancy/Vacancy Sensor (built into the fixture) = $10 per fixture
  - Standalone Occupancy/Vacancy Sensor = $15 per sensor
- Guidelines specific to Lighting Controls:
  - Controls for exterior lights are ineligible.

- If there are currently lighting controls in place, LES must verify that an optimization is occurring for the project to qualify; simple like-for-like replacements are not eligible.
- This incentive is not available for new construction buildings; buildings must be at least five years old.

Compressed Air Systems

Optimizing compressed air systems may involve retrofitting or replacing equipment and implementing upgrades such as variable-speed compressors, leak repairs, added storage and improved controls to reduce energy use, lower peak demand and enhance system reliability.

- Incentives:
  - Variable Compressors (5 to 24.99 Horsepower): $50/Horsepower
  - Variable Compressors (25 Horsepower and above): $75/Horsepower
  - Cycling Refrigerated Air Dryer: $2/SCFM
  - Other compressed air system upgrades — such as added or increased storage, leak repairs or compressor staging controls — may qualify for incentives if they are expected to reduce energy use and peak demand. These incentives are calculated on a case-by-case basis. LES may ask for an air system study or a compressed air system audit to help determine potential savings.
- Guidelines specific to Compressed Air Systems:
  - Air compressors must be upgraded to variable-speed models, and refrigerated dryers must be upgraded to cycling models, replacing existing fixed-speed units.
  - Air compressors qualifying for an incentive must be non-portable.
  - Incentives are available for both new construction and existing buildings.

Variable Frequency Drives

Variable Frequency Drives (VFDs) adjust motor speed to match real-time demand, thereby reducing energy use, lowering peak demand and improving system efficiency. By running only as fast as needed, VFDs cut operating costs and extend equipment life.

- Incentive:
  - $50/Horsepower being controlled
- Guidelines specific to Variable Frequency Drives:
  - VFDs must be installed on motors driving variable loads (e.g., pumps, fans, conveyors).
  - VFDs replacing existing VFDs do not qualify.
  - VFD speed must be automatically controlled unless otherwise authorized.
  - Incentives are available for new construction and existing buildings.

Commercial Kitchen/Refrigeration

Commercial kitchens and refrigeration systems are some of the largest energy users in a facility, often running around the clock and driving both energy costs and peak demand. Incentives are available for upgrades that improve efficiency, including high-efficiency appliances, advanced controls, optimized refrigeration systems, and equipment retrofits or replacements.

- Incentives:
  - Energy Star Steam Cooker, Dishwasher or Combination Oven: $800
  - Optimized Refrigeration Systems: Incentives are calculated on a case-by-case basis. Contact SEP@les.com.
- Guidelines specific to Commercial Kitchen/Refrigeration incentives:
  - Qualifying steam cookers, dishwashers and combination ovens must be Energy Star listed.
  - Qualifying steam cookers, dishwashers and combination ovens must be electric.
  - To be eligible for the dishwasher incentive, the building's hot water fuel type must be electric. If a booster water heater is installed, the fuel type must also be electric.
  - Stationary single-tank door, single-tank conveyor and multi-tank conveyor dishwasher types qualify. Under-counter and pot, pan and utensil dishwasher types do not qualify.
  - Incentives may be available for refrigeration upgrades (e.g. open multideck cases are retrofitted with solid glass doors or if a refrigeration monitoring system is added). LES may ask for an analytical

estimate of the energy savings/demand reduction (with supporting calculation assumptions) at the time of pre-authorization.
    - Incentives are available for new construction and existing buildings.

Custom

The Custom incentives category is intended for individualized, uncommon or specialized energy efficiency projects that are not otherwise eligible for other incentives.

- Incentives are calculated on a case-by-case basis. Contact SEP@les.com.
- Guidelines specific to Custom incentives:
    - For an incentive to be offered, LES must receive proof that the project will result in significant energy savings/demand reduction. LES may ask for an analytical estimate of the energy savings/demand reduction (with supporting calculation assumptions) at the time of pre-authorization.
    - Incentives are available for new construction and existing buildings.

Guidelines for Miscellaneous Incentives

- Only projects for which LES anticipate system coincident peak demand and energy reduction — June through September, Monday through Friday, from 2 p.m. to 8 p.m. — will be eligible for incentives.
- **Pre-authorization is required prior to the purchase or installation of qualifying equipment.** See the process portion of this document for additional details.
- Equipment must be installed and operational before reimbursement is issued.
- LES reserves the right to complete an on-site verification prior to and after installation.
- LES must receive all requested documentation to qualify. This often includes equipment specifications, project submittals or energy/demand savings calculations. However, the requested documentation will vary depending on the project.
- Downsizing or removing equipment/processes is not eligible for incentives.
- The incentives listed above only apply to new and existing non-mobile commercial buildings in the LES service territory.
- See the General Guidelines document for additional terms and conditions.

Process

I am an LES customer seeking an incentive:

1. Reach out to SEP@les.com **before the qualifying equipment is installed or purchased.**

   Indicate the project address, approximate timeline and the LES incentives you are interested in applying for. LES will also need to obtain a quote, submittal or proposal and associated equipment specifications. Depending on the project, LES may ask for an analytical estimate of the expected energy savings/demand reduction (with supporting calculation assumptions) or for you to fill out a spreadsheet with additional project information.

   LES will determine project eligibility and the associated incentive.

2. Notify LES if you plan to proceed with the project **before the qualifying equipment is purchased or installed.** Upon notification, LES will pre-authorize the project in the portal; you will receive an email notification.

   You have 180 days from the pre-authorization date to install the equipment and submit the project for reimbursement. If you require additional time, please submit an extension request by emailing us at SEP@les.com, stating the reason for the extension. Consideration of an extension is at the discretion of LES staff and is not guaranteed.

3. Once the system is installed, submit a reimbursement request to LES by emailing SEP@les.com, including an attachment of the invoice and a W-9. LES may ask for additional documentation.

4. LES will issue the incentive once the required documentation has been submitted and reviewed and an on-site verification has been conducted, if applicable.

Questions? Contact SEP@LES.com

This document is relevant to the 2026 Sustainable Energy Program offered by LES.